

## Health Insurance Assn. Elects Travis Wallace At Chicago Meeting

Health Insurance Assn. of America, having disposed of all the details of organization, is now getting up steam for a full schedule of activities in a wide area. At the annual meeting this week in Chicago marking HIA's second birthday, the members endorsed a national advertising campaign and prepared to approach such problems as the Forand bill with a good deal of affirmative ammunition taken from the record of the past 10 years.

More than 400 registered for the Chicago meeting to attend an exceptionally fine program of speeches and panel discussions. An unusually high percentage of the program participants were from outside the insurance business, demonstrating not only the many areas in which A&S insurance crosses lines with doctors, hospitals and others, but that the business has reached a point where it has established communications with these outside groups and is in a position to work with them at high levels. The program arranged by E. J. Faulkner of Woodmen Accident & Life, the first president of

HIA, was as comprehensive as could be hoped for at any insurance meeting. The members got a chance to view their business from the standpoint of the customer, the company, the doctor and the hospital.

Travis T. Wallace, president of Great American Reserve of Dallas and a spellbinding orator on the subject of

**Detailed reports of all sessions of HIA meeting, and convention photographs begin on page 29.**

salesmanship, was advanced from vice-president to president of HIA, succeeding J. Henry Smith, underwriting vice-president of Equitable Society. Mr. Smith and Mr. Wallace shared the duties of presiding officer at the Chicago sessions. William R. Shands of Life of Virginia, who has been secretary of HIA since it was organized, asked to be relieved of that position and is succeeded by Dutton Stahl of Iowa State Travelers Mutual. H. Clay Johnson of Royal-Globe group

stays on as chairman of the public relations committee, an elective office of high rank in the HIA.

The business of elections and committee reports was dispensed with at the first session Monday afternoon, at which Mr. Smith gave his accounting as president, mentioning that the association now is ready to go under full sail.

The report of Robert Neal, general manager, and his staff, was astonishingly comprehensive. It covered not just the local waterfront but the entire coastline and for many miles into the interior. As he came to items that were under the wing of one of his staff members, Mr. Neal would relinquish the platform and John Hanna, J. F. Follmann Jr. and others discussed the matters with an intimate knowledge of what was involved. The members commented that this was a stimulating, revealing look at the entire panorama of health insurance problems and accomplishments.

At the first general session Tuesday

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## Big-Case Agents Agree On Tests For Financed Insurance

**Merril P. Arden Succeeds  
Preble As Head Of Assn. Of  
Advanced Life Underwriters**

WASHINGTON—A set of criteria for the sale of financed life insurance, generally known as

bank-loan insurance, was adopted by Assn. of Advanced Life Underwriters at its first annual meeting, held here.

The association was formed last September, an outgrowth of informal efforts to protect the tax deductibility of interest

on loans used for financing the purchase of life insurance. While the association has other objectives, it has been so closely tied to the sale of financed life insurance that it felt a responsibility for drawing up a set of guideposts for use in its sale.

Here are the association's six guiding principles, with amplification of

### OFFICERS ELECTED

**President**—Merril P. Arden, Connecticut Mutual, New York City.

**Vice-presidents**—Robert C. Preble, Jr., National Life of Vermont, Chicago, immediate past president, and James Stoessel, National of Vermont, Los Angeles (re-elected).

**Treasurer**—William J. Robinson II, independent, Wilmington, Del. (re-elected).

**Secretary**—Harold Franklin, Canada Life, Cleveland (re-elected).

some of them, at the request of THE NATIONAL UNDERWRITER, by the new president, Merrill P. Arden, Connecticut Mutual, New York City:

1. "Any proposed sale should be based upon a specific insurance need." Mr. Arden said this simply means that there should be some insurance reason for buying—not just the hope of getting free life insurance because of the tax deduction.

2. "The amount of the proposed insurance should bear a reasonable relationship to the purchaser's present and potential financial capacity."

This precaution is even more necessary than with non-financed insurance, Mr. Arden explained, because the outlay for financed insurance is smaller in the earlier years and could tempt an unthinking buyer into taking on more than he could comfortably handle later on. For example, today a man buys \$100,000 of ordinary life at a \$1,500 initial cash outlay on the financed plan. Twenty years from now his gross outlay might be \$3,000 because of the interest cost on the increasing loan. This is important because of the possibility of less favor-

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## Atwell Heads Life Counsel Assn., Succeeds Bartels

Webster Atwell, general counsel of Great National Life, was elected president of Assn. of Life Insurance Counsel at the spring meeting held at White Sulphur Springs.

He succeeds Millard Bartels, general counsel of Travelers.

B. M. Anderson, vice-president and counsel of Connecticut General, was elected vice-president and Chester L. Fisher Jr., assistant vice-president and assistant to the president of Metropolitan Life, was re-elected secretary-treasurer.

The executive committee includes Abram T. Collier, vice-president and general counsel John Hancock; George L. Gordon, general counsel Business Men's Assurance; John W. Graham, general counsel Imperial Life of Canada; Harry S. Redeker, general counsel Fidelity Mutual Life, and Daniel J. Reidy, vice-president and general counsel Guardian Life.

## NQA Qualifiers Set New Record: 16,020

WASHINGTON—National Assn. of Life Underwriters has practically completed processing a new record number of 16,020 national quality award applications. Of this number, 15,432 agents have qualified thus far as contrasted with 1,279 winners for 1945, the first year the citations were issued.

Awards now are being mailed out

from NALU headquarters here to secretaries and executive secretaries of local associations for presentation at late May or June meetings, said Ann Bickerton, NALU director of field service, who supervises the NQA activity. Ten-year plaques have already been mailed.

Mrs. Bickerton's tabulation shows:

—That 342 agents have qualified all 14 years that the award has been given;

—That 10-year winners number about 635;

—That women winners number 162;

—That CLU winners number 1,322.

The figures may change slightly after reappraisal of a few applications pending.

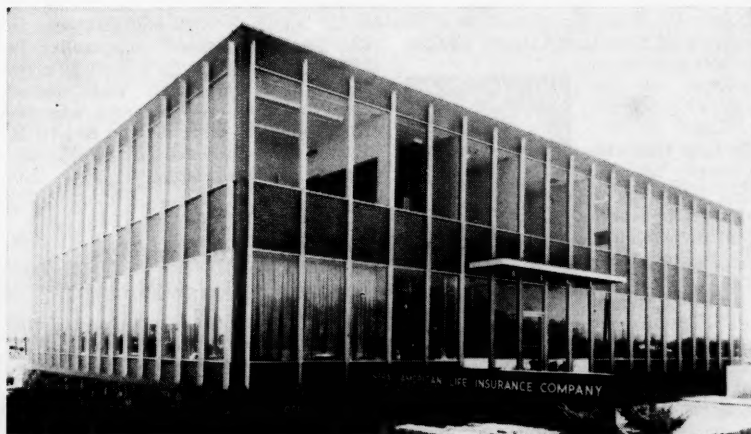
Qualifiers in 1957 numbered 14,931. The award is given by NALU and LIAMA.

## 'Vaulting Vicar' To Address First NALU Session At Dallas

WASHINGTON—The Rev. Robert E. Richards, Olympic pole-vault champion, is the first speaker to be announced for the 1958 annual convention of National Assn. of Life Underwriters at Dallas, Sept. 7-12. The speech of the "vaulting vicar" will climax the Thursday morning general convention session Sept. 11.

Widely hailed as a public speaker, Mr. Richards has delivered as many as 300 addresses and sermons in a single year. Besides his roles as clergy-

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General American Life's new two-story, air-conditioned building in Detroit will house its agency, group and mortgage loan offices. Featuring large plate glass windows set in aluminum frames, it contains 10,584 square feet of space, and has its own parking lot.

## Supermarket Concept Won't Hurt Qualified Life Agent: Cameron

"What will be the effect of the 'supermarket' concept of insurance on the career life underwriter—the concept of expecting one insurer to sell you fire insurance, liability insurance, fidelity bonds, fur floaters, life insurance and disability insurance?"

What, said President John L. Cameron of Guardian Life at its two re-



John L. Cameron



James A. McLain

cent Leaders Club conventions, is the question that is in the mind of everyone connected with the life insurance business?

"This certainly is a challenge the Guardian, perhaps more than most life insurance companies, will have to face," he said. "It has always been our aim to serve well the general insurance broker. A good many of you are prominent in the general insurance field and are here because the Guardian product, the Guardian organization, the Guardian field underwriters working with your clients attracted you to place your life insurance and accident and health insurance business with us.

### Brokers Must Choose Best Company

"The top-flight general insurance broker, as we have known him, values as a privilege and obligation his duty to select the company in which he will place his client's insurance. I think he will continue to do so. I confidently expect that the Guardian product, the Guardian organization, and the services of Guardian career underwriters available will continue to impel insurance men to select Guardian for their clients whenever any form of personal insurance is involved.

"In the Guardian the career life underwriter has always been the keystone of our sales and field service organization. Even in our work with general insurance brokers, it has always been our philosophy that we make available to the broker the services of a qualified life underwriter in dealing with his clients.

### Becomes More Specialized

"As life insurance and disability insurance, in all their aspects, continue to enlarge the scope of their services to the American public, the business inescapably becomes more specialized, and the work of the career underwriter even more valuable. More packaged coverages may be devised and underwriting and premium payment procedures adjusted to new conditions, but if life insurance is a way of life and not just a financial mechanism, the service of the qualified life

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## NEW ENGLAND CONFERENCE

### Multiple Line Operation No Hindrance To Professional Concept, Says E. L. Zalinski

Multiple-line selling is going to mean less "tailor-making and costly individualized service, particularly for those in the lower income brackets," but it definitely doesn't mean that either the CLU or the CPCU is a dead duck, Executive Vice-president E. L. Zalinski of Life of North America told the New England area management conference at Swampscott, Mass. In fact, it is Mr. Zalinski's opinion that the advent of multiple underwriting will enhance rather than detract from the professional agent. Following are excerpts dealing with predictions regarding the extension of multiple-line underwriting:

The separation between fire and casualty companies and life companies in the United States remains clear and distinct.

Whether they will ever be merged to the extent that fire and casualty companies have joined forces remains a moot question. Advantages for merging fire and casualty with life operations are mighty attractive, though.

For example, it has been unnecessary for us in the Life of North America to set up our own staff departments. We get excellent service from the parent company's legal, investments, personnel, purchasing, methods, accounting, training and advertising departments at a much lower cost than if we had to provide these facilities for ourselves as is the case with most newly formed life insurance companies. We derive an advantage from the established reputation of a successful 165 year-old company with 8,000 employees doing business with 23,000 independent agents.

Our field operations can be more economically supported through jointly occupied service offices and while we are staffing these with experienced life men, the field representatives of our fire and casualty companies are very helpful to us and we are able to swing business their way, too.

In the same way that policyholders value one-stop service from their insurance man, independent agents tell



E. L. Zalinski

us they can increase their sales and cut their costs by being able to write every form of coverage from insurance on atomic reactors to policies protecting hogs against low-flying aircraft through one company group.

Everything I have just mentioned applies with equal force as advantages to life companies in entering the fire and casualty fields with their large full time agency organizations composed of skilled personal salesmen.

There are those who maintain that the types of business conducted are so different that they should never be brought together even if legislative sanction could be secured. On the other hand, in some areas life and fire and casualty companies are beginning to overlap and compete with one another. Traditionally, the individual A&S field was pre-empted entirely by casualty companies. Gradually the life companies have moved into this field until today they have the lion's share of the market. Life companies originated the group concept which began with life only and gradually moved over into the A&S field.

Today, most casualty companies that are in the A&S field, market their product on a group as well as an individual basis, motivated not only by the desire to preserve their A&S business in the face of life company competition but also because of the close relationship of group A&S to workmen's compensation coverage.

The life insurance companies, while building career agencies, have done everything possible to develop brokerage business from among general insurance people. Their efforts have met with considerable success, which has undoubtedly caused some fire and

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### Standard Life, Indiana Names Wade Chairman

Harry V. Wade Sr. was re-elected president of Standard Life of Indiana and was elected as chairman at the quarterly board meeting.

Edward H. Stein, secretary for 21 years, was promoted to vice-president investments; E. J. Barker, treasurer since 1937, to vice-president and treasurer emeritus; H. J. Noel to vice-president in charge of agencies; W. H. O'Brien to the newly created post of vice-president advertising and public relations.



H. V. Wade Sr.

Also, James F. Bash, who is home office attorney, to secretary; H. L. Ligon to treasurer and Louis R. Thomas to assistant to the president. Mr. Ligon went with the company in 1935 and was named comptroller in 1942.

George A. MacLean was elected actuary; Dr. J. W. Canaday was re-elected medical director, and Robert B. Stewart and Edward A. Wolfe re-elected vice-presidents.

### State Mutual Life Has Record For First Quarter

State Mutual Life's sales of individual insurance totaled \$46 million for the first quarter, up 21%, with March registering a gain of 29%. In individual A&S the first quarter gain was 21%. Total annualized group insurance income also scored a record increase for the quarter, 28%.

## Program Announced For Actuarial Meet At Chicago In June

The program for the western spring meeting of Society of Actuaries to be held June 5-6 at the Drake hotel, Chicago, has been announced. The first session, Thursday morning, will open with a business meeting, followed by presentation and discussion of papers on pension and welfare plans in Canada, mortality of railroad annuitants, and funded severance pay plans. The first part of the informal discussion topics will also be covered.

There will be a luncheon, after which there will be a discussion session on subjects of special interest.

Friday will open with the remaining informal discussion topics. The smaller-company forum will be that afternoon.

All copies of written discussions should be furnished to the secretary-treasurer in triplicate.

Henry F. Rood, vice-president and actuary of Lincoln National Life and president of the society, will preside at the business session Thursday. Other sessions will be conducted by two of the vice-presidents, Norman M. Hughes, vice-president and chief actuary of National Life & Accident, and James E. Hoskins, 2nd vice-president and actuary of Travelers.

### I. General.

#### Informal Discussion

A. 1. Provided the resulting reserve is suitably described, is there any actuarial objection to the proposal that any deficiency reserve for a category of business valued on a stand-

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## LOMA Parlay Draws 254 To Toronto For Varied Discussions

Life Office Management Assn.'s regional meeting at Toronto covered a variety of subjects, including staff administration, building the individual, and electronic computers. Attendance was 254.

Supplementing the daytime program was a well-attended evening session on personal practices, with G. Egerton Brown, personnel executive of Sun Life of Canada, as chairman. The group discussed the subject for 2½ hours, using LOMA reports as the basis of the meeting.

A panel discussion on planning for computers included reports on experience with electronic computers. Flow charts showing daily, monthly and weekly operations were exhibited and discussed.

Various programs set up for computers were outlined, including two that produced valuation data and figures for a company's annual statements. Included in the panel discussion were two computer programs to handle valuation of deferred and immediate annuities. Also discussed were the various daily, weekly and monthly operations planned for consolidated functions approach on tape equipment.

H. W. Johnson, secretary Northern Life of Canada, served as chairman of the panel on planning for computers. Panel members included H. J. Stowe, comptroller of Manufacturers; R. J. Adams, supervisor of electronic

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Magic Words that Can Add to Your Earnings

# MAJOR MEDICAL

BY  
STATE MUTUAL

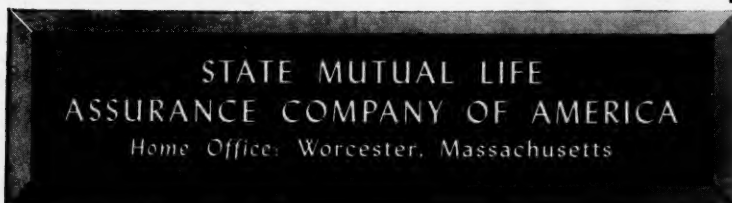
An outstanding new State Mutual Major Medical policy with many hard-to-match sales features — to make selling easier and more profitable for you. Not a substitute for, but a *supplement* to basic, short-term medical, surgical and hospitalization plans — to help pay the BIG bills which otherwise might threaten a family's financial security and create years of debt.

## Sales Features of the NEW State Mutual Major Medical Policy

- Benefits up to \$7500 for any one sickness or injury
- Low cost: \$500 deductible, co-insurance 80% — 20%
- Up to 90 days to satisfy deductible
- Guaranteed continuable to age 65, adjustable premium
- Covers expenses for services and supplies both in and out of hospital
- Benefit period — 2 years
- No extra cost for coverage on additional children after the first
- Conversion privilege for children
- Mother if not yet 65 becomes policy-owner on death of father
- Participating



Send for full information about the  
STATE MUTUAL  
Major Medical Policy



STATE MUTUAL LIFE ASSURANCE COMPANY OF AMERICA  
WORCESTER, MASSACHUSETTS

Please send me full information about your new Major Medical policy.

Name .....

Company .....

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City ..... State .....

## Program Features Announced For MDRT Annual Conference June 17-20 At Banff

A report on the Million Dollar Round Table research project, "What makes a Million Dollar Producer?", a case study dealing with two stockholders in a close corporation, 12 room-hopping sessions, an entire morning on executive compensation plans, and an afternoon on establishing a successful life insurance career are on the program of the annual meeting of the Million Dollar Round Table scheduled for June 17-20 at the Banff Springs hotel in the Canadian Rockies.

Program chairman is Adon N. Smith II, Northwestern Mutual Life, Charlotte, N. C., vice-chairman of the round table.



Adon N. Smith II

Registration will be Tuesday, June 17. At 5:30 the executive committee will meet with first-time qualifiers and give them a brief orientation on the MDRT and the annual meeting. The past chairmen's reception will follow at 6:30. That evening E. W. Wakefield of the Canadian Pacific Railway will give a lecture and show movies on Canada.

### Breakfast At Eight

The traditional MDRT breakfast will start at 8 a.m. Wednesday. William D. Davidson, associate manager of Equitable Society at Chicago and MDRT chairman, will preside and talk on the activities of the Round Table. In accordance with tradition, the other speakers will be Albert C. Adams, general agent of John Hancock Mutual Life at Philadelphia and president of National Assn. of Life Underwriters, and James F. Oates Jr., president of

the chairman's company.

The next session, at 10:45, will be a case study type of presentation, titled "Love and Sympathy." It will analyze the insurance, accounting and legal problems of two stockholders of a close corporation where only one stockholder desires his stock to be retained after his death. This session will be handled by Benjamin Stern, New England Life, New York City, William C. Miller, partner at Los Angeles in the accounting firm of Price, Waterhouse & Co., and Denis B. Maduro, New York City insurance attorney and specialist in business insurance and estate problems, who is counsel to the MDRT.

### Several Workshop Sessions

At 2:30 that afternoon there will be three simultaneous workshop sessions led by Messrs. Stern, Miller and Maduro, where the morning's case study presentation will be discussed. The workshop leaders will shift rooms at the end of each 50 minutes until each workshop has been visited by each leader.

The first session Thursday will be devoted to reports on the MDRT research project on what makes a million dollar producer. Moderator will be William T. Earls, Mutual Benefit Life general agent at Cincinnati, chairman of the public relations committee, which has charge of the project. He is a past chairman of the round table.

Robert L. Kahn of the Survey Center of University of Michigan will report on the "interviews in depth" which have been conducted with selected members of the Round Table and with a comparable group of potential qualifiers. Francis L. Merritt, director of training of Mutual Benefit Life, will report on a companion project involving the administration of a battery of tests to a somewhat larger group of qualifiers.

The annual business meeting of the MDRT will open at 10 a.m., with chairman Davidson presiding. Thursday afternoon will be left open.

### 12 Room-Hopping Sessions

Room-hopping sessions will begin Thursday evening at 8:30 and run until 11. There will be 12 sessions, devoted to business insurance, estate planning, pension and profit-sharing, and miscellaneous subjects. Room hosts and their subjects will be announced soon. The room-hopping sessions are in charge of Donald Shepherd, John Hancock Mutual Life, Quincy, Mass., vice-chairman of the program committee.

All of Friday morning will be devoted to executive compensation plans, the discussion leaders being Herman C. Biegel, partner in the Washington, D. C., law firm of Lee, Toomey & Kent; Iram H. Brewster, Phoenix Mutual Life, Pittsburgh, and Paul W. Cook, general agent of Mutual Benefit Life at Chicago.

Immediately after their presentation there will be two simultaneous workshop sessions, one led by Messrs. Brewster and Cook, the other by Mr. Biegel.

For the Canadian members, Friday morning will be devoted to a special session to consider problems applying only in Canada.

While the final date shown on the reservation form for the Banff Springs hotel is May 10, Chairman Davidson says there are still rooms available and members who have not yet sent in their reservation requests and wish to attend should send the forms promptly to MDRT headquarters, 1 North LaSalle street, Chicago 2, Ill.

## Lounsbury Chairman, Brundage President of Bankers National

MONTCLAIR, N. J.—Bankers National Life has made these executive changes:

Ralph R. Lounsbury, formerly chairman and president, will continue as chairman and chief executive officer.

John D. Brundage has been elected president and a director, and will serve as chief operating officer.

Elmer H. Hardebeck has been elected senior vice-president with general supervision over actuarial, underwriting, policy issue and data processing activities.

Mr. Lounsbury was for a brief time actuary of the Nebraska department following graduation from University



Ralph R. Lounsbury



John D. Brundage



E. H. Hardebeck

of Michigan, and during World War I he served in the actuarial section of the War Risk Bureau in Washington.

In January, 1923, he organized Bankers National Life of Colorado, and in September, 1925, he organized Bankers National Life of Florida. He served as president of both companies until they were consolidated with Bankers National Life of New Jersey in December, 1929. The latter company was licensed to begin business in October, 1927, and Mr. Lounsbury has been its chief executive officer since its beginning.

Mr. Lounsbury has been active in the American Life Convention for many years, serving on a number of its committees. He was elected to the executive committee in 1946 and elected

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## Actuarial Program Set For Ga. State College

An actuarial science program will get under way at Georgia State College of business administration in Atlanta, Sept. 1.

Dean George E. Manners of the school of business administration said the program will receive advisory and financial support from Southeastern Actuaries Club, which already has endorsed the school as the regional center for education in the actuarial field.

The program will include both a graduate and an undergraduate curriculum and is designed to prepare students for the professional examinations given by Society of Actuaries and Casualty Actuarial Society.

The Southeastern Actuaries Club has set up an advisory committee to work with the college. Bruce Batho, vice-president and actuary of Life of Georgia is chairman.

NO. 5 IN A SERIES



F. W. Osmundson, Mason City



A. N. Cairnes, CLU, Waterloo



Frank L. McCormick, CLU, Des Moines



Stephen A. Swisher, CLU, Cedar Rapids



Newell C. Day, Davenport

## EQUITABLE LIFE OF IOWA IN IOWA

In Iowa, corn isn't the only thing which soars to impressive heights. Equitable Life of Iowa sales do, too! And here are the general agents who, with their agency associates, are responsible for outstanding service and sales records in Iowa.

For the fine job these men are doing congratulations! . . . from the Equitable Life of Iowa.



*Equitable*  
LIFE INSURANCE COMPANY OF IOWA

FOUNDED IN 1867 IN DES MOINES



## Most Cogent Portions of Associations' Amicus Brief In FTC Pleadings Given

The 50-page amicus curiae brief of the Life Insurance Assn. of America, American Life Convention, and Health Insurance Assn. of America went into much detail on the reasons why the U. S. Supreme Court should affirm the lower courts' decisions against Federal Trade Commission and in favor of National Casualty and American Hospital & Life. However, the first two sections, quoted below, contain the brief's most telling points. The arguments on the case have been heard and the court has it under consideration.

I. THE LANGUAGE AND GENERAL STRUCTURE OF THE MCCARRAN ACT SPECIFICALLY PRECLUDE THE ASSERTION BY THE COMMISSION OF JURISDICTION OVER INSURANCE ACTIVITIES AS TO WHICH THE STATES HAVE LEGISLATED.

The McCarran act opens with an unequivocal declaration of congressional intention to place the responsibility for regulation of the insurance business in the lands of the states, which had held and exercised that responsibility before Southeastern Underwriters. The first section states: "That the Congress hereby declares that the continued regulation and taxation by the several states of the business of insurance is in the public interest, and that silence on the part of Congress shall not be construed to impose any barrier to the regulation or taxation of such business by the several states."

### Refer To Section 2 (B)

The provisions of section 2 of the act, and particularly the words of the proviso attached to subsection (b) of section 2, are decisive of the basic jurisdictional issue in these cases. Subsection (a) of section 2 provides that:

"The business of insurance, and every person engaged therein, shall be subject to the laws of the several states which relate to the regulation or taxation of such business."

Having thus provided without qualification that the business of insurance shall be subject to state regulation and taxation, Congress proceeded in subsection (b) of section 2 to impose limitations upon the application of federal regulatory statutes to the business of insurance.

Section 2(b) in its entirety reads as follows: "(b) No act of Congress shall be construed to invalidate, impair, or supersede any law enacted by any state for the purpose of regulating the business of insurance, or which imposes a fee or tax upon such business, unless such act specifically relates to the business of insurance: Provided, that after June 30, 1948, the act of July 2, 1890, as amended, known as the Sherman act, and the act of Oct. 15, 1914, as amended, known as the Clayton act, and the act of Sept. 26, 1914, known as the Federal Trade Commission act, as amended, shall be applicable to the business of insurance to the extent that such business is not regulated by the state law."

### Proviso Defines Extent

The words of the proviso precisely define "the extent" to which the Federal Trade Commission act is to apply to the business of insurance. The "extent" is explicitly stated in terms of the absence of regulation "by state law." The Federal Trade Commission act is to apply to the business of insurance only to the extent that the business is not regulated by state law, or, to state the matter in another way, if the business of insurance is regulated by state law then the Federal Trade Commission act is not to apply. This reading of the proviso does not depend upon inference or implication;

it is required by the plain and ordinary sense of the words which Congress chose to express its meaning.

This view of the proviso is confirmed when its terms are contrasted with those used in the opening clause of section 2(b). That clause provides in general terms that federal statutes which do not specifically refer to insurance shall not invalidate, impair, or supersede state regulation or taxation. This language imposes a general limitation upon the application of a category of federal statutes to the insurance business, the category of statutes being those that do not specifically refer to insurance and the limitation being that the statutes are not to apply in such a way as to invalidate, impair, or supersede state regulation or taxation. In the proviso Congress saw fit to deal explicitly with three named statutes, including the Federal Trade Commission act, by imposing a specific limitation—that in any event those three statutes should not be applicable to the insurance business to the extent that such business is regulated by state law.

It would thus appear that if the proviso to section 2(b) is to be read as meaning what it says, the Federal

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**FIDELITY**  
A WELL-BALANCED COMPANY



## Family Counselor . . .

The Life Underwriter helps in the making of plans for the welfare and security of the family.

Fidelity is proud of its life underwriters and family counselors and of the great job they are doing in the field.

**The**  
**FIDELITY MUTUAL**  
**LIFE INSURANCE COMPANY**

THE PARKWAY AT FAIRMOUNT AVENUE  
PHILADELPHIA • PENNSYLVANIA

*The*  
**SOWER . . .**

In its symbolism is every tenet upon which our business is built.

## Symbol of Hope

Since the beginning of recorded history the Sower of seeds has symbolized man's hope for the future. The Sower represents both the beginning and the ultimate end of the cycle of living on earth. The seeds of knowledge, love and responsibility sown in youth yield a harvest of satisfaction, wisdom and confidence in old age. *This is the symbolism upon which our business is built.*



**BANKERS LIFE OF NEBRASKA**  
LINCOLN

## GAMC Membership Up 14%, Now 5,027

WASHINGTON—Membership in General Agents & Managers Conference of National Assn. of Life Underwriters reached a new record of 5,027 on April 21, up 14% over the same date of 1957.

Seventeen local GAMC associations showed a membership increase of 20% or more.

GAMC activities this year include promotion of the LIAMA's study courses in agency management and district management, sponsored through local associations; top quality management programs at GAMC national meetings, and distribution of the complete proceedings of these management programs to the membership.

In addition, GAMC is increasing its assistance to area management conferences. It is continuing its cooperation with various institutional organi-

zations. It plans to conduct another survey on management with the cooperation of LIAMA's statistical staff and report the results to members, and will maintain its revision of the *Operations Manual* which it supplies to the president of each local association.

Newest service for the local groups is a series of tape-recorded management talks supplied by GAMC headquarters. There are also plans for a revision of the GAMC code of ethics to be submitted at the annual meeting in Dallas in September.

## Hold Texas Life Convention At Austin

Texas Life Convention held its mid-year meeting in the Driskill hotel, Austin, with Pat M. Greenwood, president Great Southern, presiding.

C. E. Gaines, director Institute of Insurance Marketing at Southern Methodist University, outlined the management education program of American College.

Mr. Gaines said the new emphasis on education for management has been costly, the manager learning his work while active in management. The problem of management has changed and selling insurance should be such that the companies can make a profit, he pointed out, but the profit picture has been complicated by home office and agency office expenses. Rising costs of clerical help and office supplies, branch office costs, and production costs are such that an agency now must be a multiple million dollar agency and production per agent must be higher than a few years ago, he said.

### Have Recruited 16,000

Mr. Gaines mentioned a survey that shows that in the past 10 years 16,000 new field managers have been recruited. This calls for training managers at an early age if the companies want a profit. He said that developing an insurance man used to be considered a slow process. But now it is important to get a man into early production through the use of the simple package.

R. R. Davenport, vice-president Southwestern Life, speaking on "Helping Agents Realize Full Earnings Potential," told of changes in requirements for the companies' top clubs. Agents must be educated by degrees, stressing the importance of writing a volume of business which will produce a living for the agent, he said, but clubs and organizations like Million Dollar Round Table help get the salesman off a production plateau.

He opined that the successful agent begins with clients near his own age and as these grow in their chosen fields he grows with them. To encourage achievement, Mr. Davenport would call for refresher courses, awarding plaques, and letters of recognition from the home office.

### Give "Hot Ideas"

Following Mr. Davenport's talk was a "hot idea" period. Glenn Wallace, Great American Reserve; Henry Christopher, American Hospital & Life; and Ray Smith, American General Life, presented sales promotions ideas and plans.

At the second session of the convention, members of Texas Board were presented. David B. Irons spoke on problems of credit insurance.

Mr. Irons stated that the definition of credit insurance in Texas differs from usage in other states. In Texas it refers chiefly to loans of amounts from \$5 to \$50, and not to amounts above \$1,000. The Texas constitutional limit of 10% necessitated the Texas legislature to pass a credit insurance law putting a protective cloak around the lender and preventing subterfuge so that a true actuarial charge can be made without usury.

New rules and regulations adopted by the state board became effective May 1. The new regulations designed to protect borrowers are also intended

(CONTINUED ON PAGE 26)

## THE MEN BEHIND THE AETNA LIFE MAN



These men behind the Aetna Life man are Home Office sales experts who hold frequent clinics in Aetna Life general agencies.

Such clinics are a natural follow-up for the advanced training an Aetna Life representative receives in the comprehensive business insurance and tax course and at the Home Office Advanced School. In these field clinics experts help salesmen develop specialized markets, make joint calls, and keep them current on all phases of employee benefit plans, such as pension trusts, salary budget programs, business insurance, and estate analysis.

These men, and many others like them, are an important part of the Aetna Life program . . . the program that trains for success!



**AETNA LIFE**  
INSURANCE COMPANY



Affiliates:  
AETNA CASUALTY AND SURETY COMPANY  
STANDARD FIRE INSURANCE COMPANY  
Hartford, Connecticut



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FRED B. HENRY

Fred Henry is our General Agent in the small northwest Georgia city of LaFayette (population 4884). A Frankinite since December 7, 1947, he sold 103 cases last year, only a couple of which were outside the city of LaFayette.

1957 was his best year with cash earnings of \$25,131.26.

GENERAL AGENCY  
OPPORTUNITIES IN  
FARGO, NORTH  
DAKOTA AREA

## Ten very happy Franklin years . . .

LaFayette, Georgia  
March 18, 1958

Mr. Francis J. O'Brien, Vice President  
Franklin Life Insurance Company  
Springfield, Illinois

Dear O'B:

You are correct in that I have just recently completed ten years with the Franklin Life. These have been ten very happy and richly rewarding years . . . actually beyond my fondest expectations! The last ten years with the Franklin have been far more remunerative than the ten years of life insurance work immediately preceding my association with the Franklin. I am truly amazed to find my income almost five times as great.

The story continues to grow more wonderful. The magic and appeal of our wonderful exclusives becomes more apparent every day. These incomparable contracts enabled me to qualify for our unique "60 Club," then our newly established "Key Club," and in 1957 the highly coveted Million Dollar Round Table . . . 103 sales for over \$1,000,000 with 85 of them Franklin exclusives.

O'B, ours is a great business, and to me the Franklin is the greatest. I will be forever grateful, and enthusiastically represent the Franklin with pride.

Yours sincerely,

Fred B. Henry

*An agent cannot long travel at a faster gait than the company he represents!*



*The Friendly*

**FRANKLIN LIFE INSURANCE COMPANY**

CHAS. E. BECKER, PRESIDENT

SPRINGFIELD, ILLINOIS

DISTINGUISHED SERVICE SINCE 1884

*The largest legal reserve stock life insurance company in the U.S. devoted exclusively to the underwriting of Ordinary and Annuity plans*

*Over Two Billion Eight Hundred Million Dollars of Insurance in Force*

## Events Are Listed For Annual Seminar Of LOMA Graduates

The annual seminar of the Society of LOMA Graduates will be held May 20 at the Belmont Plaza hotel, New York City, starting at 3 p.m. and continuing through dinner and an evening meeting.

Abram T. Collier, vice-president and general counsel of John Hancock Mutual, will speak at the evening ses-

sion on "New Perspectives in Human Relations."

William W. Eitel, methods manager for Home Life and president of the society, will make the opening talk at the afternoon session.

Arthur C. Daniels, vice-president and secretary of Institute of Life Insurance, will be moderator of the discussion to follow, during which Raymond D. McCullough, associate group underwriter of Equitable Society, will discuss "Voluntary Security," Frederic C. Erdman, Jr., assistant manager of

methods at Home Life, will speak on "An Effective Work Simplification Program." Howard V. Kivlin, senior management associate in education for Metropolitan Life, will describe "Orientation Animated."

Robert J. Randall, associate actuary of Teachers Insurance & Annuity, will discuss state supervision and examination.

The annual business meeting, including election of officers, will follow the afternoon meeting. Prior to the dinner there will be a social hour.

## N. C. Dentists Irked By Denial Of Surgery Claims for Dentistry

North Carolina Dental Society at its annual meeting in Pinehurst voted to seek legislation that would force insurers to pay under surgical expense coverages for surgery performed by dentists or else specifically exclude such operations in their policies.

The society charged that "insurance companies in North Carolina are selling policies to patients promising them complete coverage but actually not giving coverage for surgical services performed by a dentist, even though such service is spelled out in the policy."

Alleged "discriminatory injustices" of the insurance programs were reviewed at a house of delegates meeting during the society's convention by Dr. Edward Austin of Charlotte, chairman of the insurance coverage and adjustment committee.

The delegates voted unanimously to adopt the committee's proposal to form an all-out campaign to have the 1959 general assembly amend the general statutes.

The society's proposed amendment would force companies or the Blue Shield plan to pay for services rendered by dentists or to specifically exclude such services from the printed provisions of the policies.

### Reviews Blue, Cross Brochures

Dr. Austin said a review of brochures published by the Blue Cross and Blue Shield plans in North Carolina shows some 30 procedures commonly handled by the dental profession.

"Yet," Dr. Austin said, "when these procedures are done by a licensed dentist, the insurance companies notify the patient they are sorry not to honor the claim because 'the surgery was not rendered' by a physician licensed to practice medicine."

A minor amendment by the 1957 assembly placed insurance payments for dental services on a "permissive basis," Dr. Austin said. He added, however, that he did not know of a single claim paid by insurance companies for dental services rendered under their health provisions since the statute was amended.

Dr. Austin said he believes efforts to get additional legislation through the 1959 general assembly "will be an uphill fight, but we have two weapons on our side—public opinion and the recourse of the courts."

The insurance coverage issue, a hot one in the dental organization for years, was the highlight of the house of delegates session.

### LIFE AGENCY DIRECTOR POSITIONS \$12,000-\$15,000

Men with backgrounds consisting of successful records as personal producers and agency managers in the age range of 30-45 qualify for the following positions:

East	Home Office Agency Director	\$15,000
*West Coast	Home Office Agency Director	\$15,000
*South-West	Home Office Director	\$15,000
*South-East	Home Office Director	\$13,000
Mid-West	Home Office Ass't. Dir. Agencies	\$12,000

\*To qualify for these positions a minimum of five years Home Office experience required. Very attractive General Agency openings available all areas of the country. Write for HOW WE OPERATE. No obligation to register.

### FERGASON PERSONNEL

INSURANCE PERSONNEL EXCLUSIVELY  
330 S. Wells St. Chicago 6, Ill.  
HARRISON 7-9040



## "LEVEL" DEATH BENEFIT FOR SPLIT-DOLLAR AND LOAN PLANS

For your clients who want — and need — a constant amount of coverage regardless of premium loans, we are pleased to announce our

## MAXIMUM EQUITY PROTECTOR

### WITH LEVEL DEATH BENEFIT

- \$25,000 minimum, whole life plan • Death benefit equals face amount plus cash value to age 65\* • Reduced premium after age 65\* • 3-year "rate down" for females† • First year dividend (contingent) • Issued ages 16-70 (males and females) Standard and substandard

\*Or 10th anniversary, if later. Subsequent death benefit is face amount.

†State laws prohibit rate-down for females in Md., Mo., Ore., Texas and Dist. of Col.

### ILLUSTRATION — \$100,000 M. E. P.

#### AGE 50 (Male)

Premium to age 65: \$4,736

Thereafter: \$4,179

First year dividend — \$492\*

YEAR	NET PREMIUM*	CASH VALUE	DEATH BENEFIT
1	\$4,736	\$ 3,200	\$103,200
5	4,030	15,400	115,400
10	3,690	29,000	129,000

#### AGE 40 (Male)

Premium to age 65: \$3,405

Thereafter: \$2,860

First year dividend — \$218\*

YEAR	NET PREMIUM*	CASH VALUE	DEATH BENEFIT
1	\$3,405	\$ 2,500	\$102,500
5	2,975	12,600	112,600
10	2,642	25,000	125,000

\*Dividends are not guaranteed — 1957 schedule quoted.

# PHOENIX MUTUAL

LIFE INSURANCE CO.  
of Hartford, Conn.

PROMPT SERVICE ON YOUR NEXT BROKERAGE OR SURPLUS CASE





## Western Life Shows Large Growth, Adds 11 Superintendents

Writing in 11 western and north-western states in September 1957, Western Life is now doing business in 24 states and Alaska, and expects approval of applications pending in 23 additional states before the end of 1958. This rapid growth has occurred since the exchange of stock between

Western Life and St. Paul F&M. eight months ago.

As part of their expansion program, Western Life added 11 superintendents of agencies in April. The field management lineup is made up of the following:

Gilbert H. Sawyer, regional sales vice-president for the southern states, formerly with Pan-American Life, will direct his operations from Dallas.

Robert L. Utne, regional sales vice-president for the northern central states, formerly with Penn Mutual Life, will operate from the St. Paul F&M. home office.

Loane J. Randall, formerly with St. Paul Hospital & Casualty and also State Mutual, has been appointed superintendent of the Intermountain territory and will direct operations from the Western Life home office at Helena.

### Beise To Minneapolis

Sheldon E. Beise, appointed superintendent of agencies for Minneapolis, was formerly with Bankers Life of Iowa. Also appointed superintendent of agencies in the Minneapolis area was Eugene B. Rogers, formerly with Home Life and Aetna Life.

Merritt R. Gamache, also appointed superintendent of agencies in the Twin City area, will work out of St. Paul. He was formerly with Penn Mutual.

William A. Delzell, Jr., formerly with Mutual of New York, will direct Western Life's operations in Arizona from Phoenix. Appointed superintendent of agencies for the Utah area was C. Victor Hatch, formerly with Lincoln Mutual of Nebraska and also Prudential. Mr. Hatch will direct his operations from Salt Lake City.

Directing the operations in Kansas is Garland T. Scott, formerly with Security Life and Trust of Denver and Farmers and Bankers of Kansas. Mr. Scott's office is in Wichita.

### Directs Texas Operations

Directing part of the operations in Texas is Robert L. Cark, superintendent of agencies in Houston. He was formerly with Columbia General Life of Houston. John Tomlinson, formerly a general agent in Washington for the company has been appointed superintendent of agencies in Dallas.

James E. Fitzgerald, formerly with National Guardian Life, was appointed superintendent of agencies for Iowa, and will direct operations from Des Moines.

Robert A. Campbell was appointed superintendent of agencies for Indiana and will direct his operations from Minneapolis. Mr. Campbell was formerly with Franklin Life and also Mutual Benefit Life.

St. Paul-Western companies are also considering the addition of a group department and an A&H department to be incorporated in Western Life operations so that the field agent will have all lines available.

## State Mutual Group Surveys Puerto Rico Investments

President H. Ladd Plumley and the finance committee of State Mutual Life recently made an inspection tour of present and potential investments in Puerto Rico. The company now has several million dollars of investments in private corporations and public utilities in the island. The company was host at a reception and banquet for a gathering of business and government dignitaries. The group included Dr. Rafael Pico, president of the Government Development Bank, and Jose Noguera, secretary of the Treasury of Puerto Rico.

**Lets  
you know  
when the fuel  
is low!**



**CLEARLY  
a gift  
that builds  
business!**

The new Scripto VU-LIGHTER is the perfect prestige gift for your customers and prospects. Lightweight; beautifully trimmed in chrome. Your choice of colors. So inexpensive—especially in quantities of 25 or more. Unconditionally guaranteed!



YOUR TRADEMARK, or a miniature of your product, will be inserted in the transparent VU-LIGHTER fuel reservoir.

**Scripto**  
WINDGUARD  
**VU-LIGHTER**

For name of your local distributor write:  
Scripto Company, a Division of Scripto, Inc.  
Box 4996, Atlanta, Georgia

## American Casualty ADDS

**\$10,000.00**

## TUBERCULOSIS MEDICAL EXPENSE to the Specified Disease Policy



### TUBERCULOSIS

Polio

Leukemia

Primary Encephalitis

Primary Meningitis

Smallpox

Tetanus

Diphtheria

Scarlet Fever

### CANCER

**AT**

**NO EXTRA COST**

Today, for the first time, families and individuals may be insured up to \$10,000 for the medical expenses of "T.B." under American Casualty's SPECIFIED DISEASE POLICY. This remarkable low cost program now covers NINE diseases including Tuberculosis, at a yearly cost for an individual of only \$4.00!

At slightly higher cost, the valuable Cancer endorsement may be added for persons under age 59. The Cancer benefit pays up to \$2,000 for claims originating prior to the insured's 60th birthday; \$1,000 for claims which originate after age 60.

Write today for full details.

## AMERICAN CASUALTY

COAST-TO-COAST BRANCH OFFICE SERVICE

HOME OFFICE: READING, PENNSYLVANIA

## LOANS

A General Agent or Agent can easily have from \$2,000 to \$100,000... in a lump sum...at low bank interest rates...on his vested renewals through our exclusive, dignified, confidential service...

- For additional working capital
- For business expansion
- To pay off indebtedness...protect your credit
- For personal needs...home purchase, home remodeling, etc.

For complete, confidential information on this exclusive service, please call or write...  
**RENEWAL GUARANTY CORPORATION**  
2323 First National Bank Bldg. • Denver 2, Colorado • TAbor 5-2254

### RENEWAL GUARANTY CORPORATION

2323 First National Bank Bldg., Denver 2, Colo.

Gentlemen: Please send me complete, confidential details on your exclusive service. I understand I am NOT obligated in any way.

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☐ GENERAL AGENT

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

Zone \_\_\_\_\_

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Member: National Assn. of Life Underwriters

## Tentative Program Announced For 2nd Inter-American Conference At Miami

The tentative program for the second Inter-American conference of life underwriters has been announced. It will take place July 8-11 at Hotel McAllister in Miami.

The opening event will be a get-together and cocktails, followed by a buffet dinner at which delegates from the various countries will be introduced. There will be a welcome from Luciano Velez-Posada of Puerto

Rico, chairman of the conference, followed by a message of welcome by the president of the Miami Life Underwriters Assn.

Managing Director Lester O. Schriver of National Assn. of Life Underwriters, or Mrs. Ann Bickerton, director of field services of NALU, will talk on the human values of life insurance.

Following this, each member dele-

gate will speak briefly on outstanding developments in the life insurance business in his country.

Mr. Velez will appoint a special committee to decide on the feasibility of a third conference, including place and date, and to make recommendations concerning the possibility of the formal organization of an "Inter-American Assn. of Life Underwriters."

In the afternoon there will be a business and sales clinic put on by the Puerto Rico, U. S. and Cuba delegations.

On July 10 there will be a presentation by the U. S. delegation on the trend toward increasing sales of A&S insurance by life agents. The Venezuela delegation will discuss quality business and its conservation. The U. S. delegation will sponsor a talk by Managing Director Loran E. Powell of LUTC on the role of that organization in improving sales service of life and A&S.

President Davis W. Gregg of American College will talk on the CLU designation and "Family Life in Life Insurance."

On the final day there will be a continuation of the business and sales clinic. The U. S. delegation will put on a discussion of new and sometimes controversial types of personal insurance plans in the United States today, such as bank loans, family policy, upper group limits, and straight and reducing term, giving the pros and cons of each.

The Costa Rica delegation will discuss government insurance companies, including the types of life insurance plans, the compensation bases for agents, and the reason for insurance being operated by the government in Costa Rica.

### U. S. Will Discuss Specialists

The U. S. delegation will cover the ever-widening demand for business insurance and estate planning, including the role of the specialist in this type of work, the educational and experience background needed by the agent to do a competent job in these fields, and the rewards to the agent in this type of work.

Finally, there will be brief messages from several executives prominent in the life insurance field.

That afternoon at a business meeting the special committee will make its report and recommendations for a third conference and formal organization of an association. If a formal organization is voted upon favorably, the special committee will suggest nominees for the board of directors and officials of the association, and delegates will vote on directors and officials. They also will vote on the location and date of the third conference.

Following a half-hour period for greetings from prominent guests not yet heard from, there will be a round-table discussion on subjects discussed during the conference if time permits.

That evening there will be a farewell dinner, with messages from representatives from the Florida insurance department and the city of Miami and closing remarks by the newly elected president of the proposed Inter-American association.

### R. E. Dineen To Address Ill. Department Personnel

Robert E. Dineen, vice-president Northwestern Mutual Life, will address personnel of the Illinois insurance department May 20, at Springfield. His subject will be "Do You Know the Importance of Your Work?"

Director Joseph S. Gerber announced that anyone in the insurance business is welcome to attend.

### Baird Addresses Suffolk Agents

The first luncheon meeting of the newly organized Suffolk branch of the New York City Life Underwriters' Assn. was held at West Islip. Speaker was Harold W. Baird, Northwestern Mutual, New York City, who spoke on, "The Life Underwriter: Salesman or Counselor."



## Helping the salesmen sell the Family Plan . . .

Stepping out to help its agents and brokers sell the Family Plan, Connecticut Mutual has a complete Family Plan Sales Kit. Here's what it includes:

1. Handy Slide-Guide tells benefits and rates; pull the slide so Dad's age shows through the window, and there's all the data.
2. A letter service to get leads from prospects. Written to a pattern that produces results.
3. A folder to use before, during or after interviews that tells the Family Plan story attractively, interestingly.
4. A visual brief to show a prospect exactly what he gets for how much.
5. A manual of sales ideas telling the details of the Connecticut Mutual's Family Plan and exactly how to present it.

### Larger Amounts at Lower Unit Cost

The basic unit of Connecticut Mutual's Family Plan is \$5,000 on Dad with proportionately lesser amounts of insurance for Mother and the youngsters—the policy guarantees to in-

sure children yet to come at no increase in premiums. In Connecticut Mutual, 1, 1½, 2, 2½ or 3 units (\$15,000) may be bought. When 2 or more units are bought, each unit costs less!



**The Connecticut Mutual**  
LIFE INSURANCE COMPANY · HARTFORD



## An Architect of Enduring Estates



(Harcourt-Harris Photos)

"Many people rob themselves and their heirs of thousands of dollars in needless taxes and other costs when they fail to take advantage of the rights available through sound estate planning." These are the words of Sidney L. Wolkenberg, CLU, an authority on estate analysis and author of "How Estate Planning Can Help You."

An associate of The Union Central's New York Agency, Mr. Wolkenberg's business is planning solid financial security for his clients through the *creation, conservation* and proper *distribution* of their estates. His record indicates that these clients have protected themselves and their families with a total of more than one million dollars of safe, sure life insurance during each of the past six years. And this is the record which has earned for

him the highest professional honors, including life membership in the celebrated Million Dollar Round Table and charter membership in his Company's distinguished President's Club.

A graduate of N.Y. U., Mr. Wolkenberg was born and raised on the lower east side of New York City. There he saw families struggling to exist on a few dollars a week; and there he saw boys and girls, six and seven years old, working to hold their families together. It was the remembrance of these scenes which later influenced his decision to enter a profession dedicated to the preservation of the family. Sid Wolkenberg, whose career has helped maintain the unity of so many families, is a man worthy of his success.



Among Mr. Wolkenberg's prominent clients is Dore Schary, author of the current Broadway hit "Sunrise at Campobello." Mr. Schary's new play depicts the dramatic story of Franklin D. Roosevelt's fight against polio.



(Above) Mr. Wolkenberg is the executive vice president of the University Settlement Alumni Group and an active supporter of other organizations, including the United Jewish Appeal and the Federation of Jewish Philanthropies.



(Above right) A hi-fi set and good music, especially George Gershwin music, are the focal point of much activity in the Sidney Wolkenberg home. Seated on the floor with Mr. Wolkenberg are his daughter Wynne and

his grandson David. The remainder of the family are, pictured left to right: son Warren; son-in-law Martin Miller; daughter Nancy and granddaughter Margo; son-in-law Ira Greenblatt; and Mr. Wolkenberg's wife, Lillian.

**THE UNION CENTRAL LIFE INSURANCE COMPANY • CINCINNATI**  
Security for the American Family since 1867

## Life, A&S Records Fall In Guardian's President's Month

In a month-long campaign honoring President John L. Cameron, the field force of Guardian Life submitted better than \$34 million of life insurance and over \$150,000 of A&S premiums. Both figures are new monthly highs for Guardian, and do not include any group.

The five leading agencies in life

volume during the campaign, all with over a million submitted, were Spaulder, Warshall & Schnur, New York, Green in Atlanta, Samons-Press, New York, Ross, Boston, and Goodman, Kansas City. The A&S leaders were Spaulder, Warshall & Schnur, Houseman, Los Angeles, Brooks, San Francisco, Rosenthal, Chicago and Samons-Press.

Competition in the campaign was on a percentage-of-quota basis, and the winners were: In life volume, Zielinski, New Brunswick, N. J., Indianapolis,

and Hollywood agency in Red Bank, N. J.; in A&H premiums, Pomeroy agency in Miami Beach, Paskins, Omaha, and the Hollywood agency.

Individual producers who earned top honors in the campaign were Sanford L. Cohn, Kansas City in life volume; Maury Kusnitz, Providence, in premiums; J. R. Thomas, Wheeling, W. Va., in both life applications and A&S applications.

Farmers & Traders Life of Syracuse has been licensed in South Carolina.

**HIS JOB:** To broaden your life and brighten your future—through science

Mutual Benefit Life's job:

## TRUE SECURITY

FOR YOUR CLIENTS  
AND YOU

Just as the scientist and engineer use the tools of today to build a better tomorrow, so does the Mutual Benefit Life man shape the future of his clients and himself.

In his case the tools are the most up-to-date and comprehensive sales aids in the life insurance field.

Mutual Benefit Life provides him with:

Audio-visual presentations, each thoroughly sales-tested before he gets them.

Merchandising and educational material to reach the most lucrative individual prospects, such as:

a. SELECTIVE GROUP MERCHANDISING—  
*An advanced prospecting and selling concept to put him in intimate contact with the business and professional leaders of today—and tomorrow.*

b. MEDICAL FIELD KIT AND "MD" PLAN—  
*complete guides to the monied medical market.*

c. SELECTIVE INCENTIVE PLAN—  
*Brand new comprehensive packaging of one of today's hottest selling ideas. Meets the needs of the many businesses who find the usual employee benefit plans inadequate.*

Add to these the unique sales approach of Mutual Benefit Life's nationally advertised True Security.

These and other advantages assure the Mutual Benefit Life man of a more productive business life, a more predictable and rewarding future—True Security not only for his clients but for himself and his family as well.

## MUTUAL BENEFIT LIFE

The Insurance Company  
for TRUE SECURITY

## Mich. Hospitals Will Have To Absorb Blue Cross Losses

LANSING—Any deficit incurred this year by Michigan Hospital Service (Blue Cross) must be absorbed by the hospitals themselves, according to an agreement under which payments to the hospitals will be reduced by 1% retroactive to Jan. 1.

The Blue Cross has had a series of meetings with member hospitals after it was disclosed that it is \$1,674,129 in the red. It was agreed that a reduced payment would be preferable to seeking another rate increase or to reducing benefits.

William S. McNary, executive vice-president of the Blue Cross, said a majority of the 230 member hospitals are in agreement with the program, but a committee has been set up to seek a long range solution.

In 1958, no Blue Cross member in Michigan will be permitted to collect more than 4% above the daily payments collected last year. It is admitted that the reduced payments for Blue Cross will curb expansion of hospital services in some cases. Blue Cross payments to hospitals have been running in excess of \$10 million a month. Hospital costs increased about 8% last year as against an estimate of 5%; admissions went up 4.4%, and average duration of hospitalization went up 2%.

## Lounsbury Bankers Nat'l Chairman, Brundage Pres.

(CONTINUED FROM PAGE 4)

president in October, 1953, for a one-year term.

He is a member of the board of managers of Montclair Savings Bank and a trustee of Montclair YMCA.

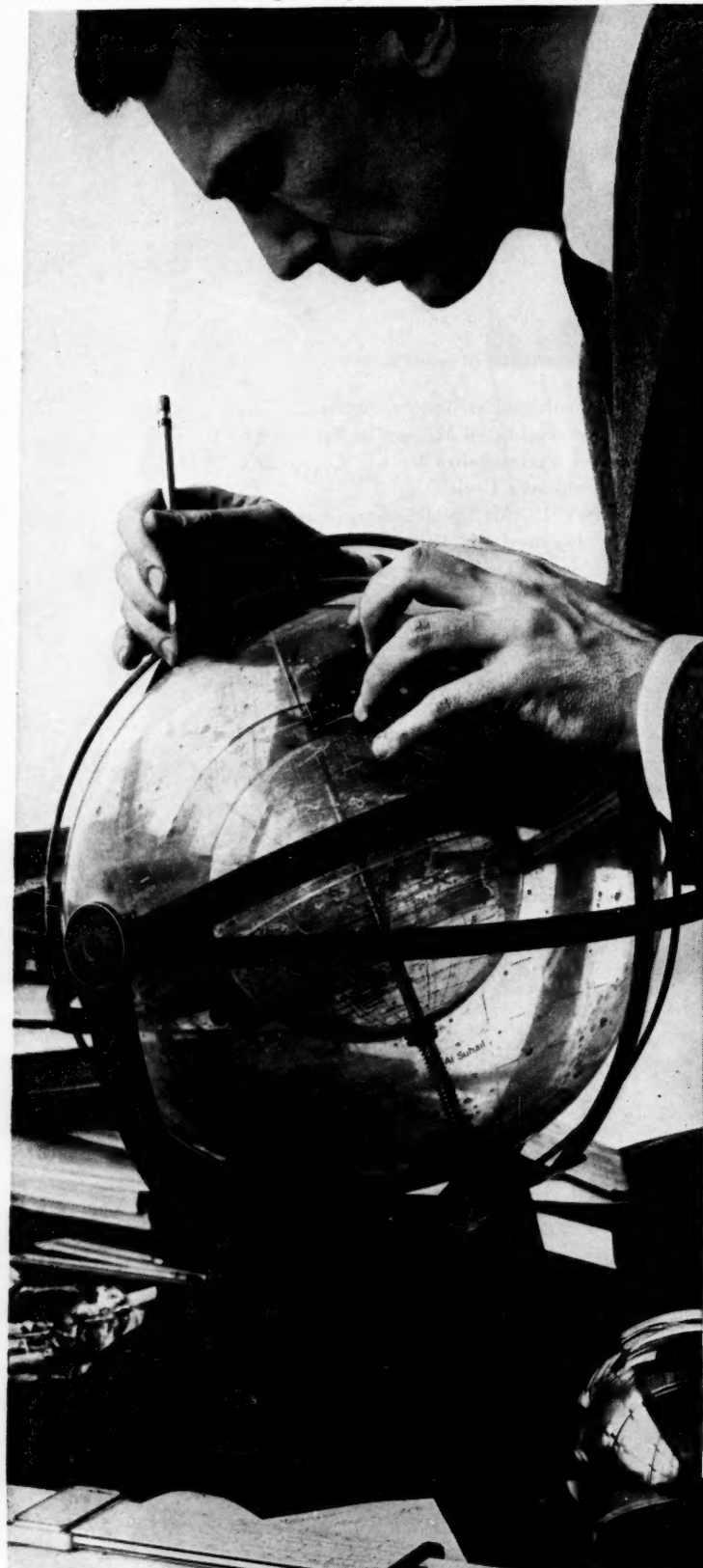
Mr. Brundage, a CLU, joined Bankers National as agency assistant in 1945. In 1946 he joined Mutual Benefit Life as sales promotion manager. He served successively as regional superintendent of agencies, director of agencies, and manager of a New York City agency. He returned to Bankers National Life in 1953 as assistant to the president.

In 1955 Mr. Brundage was named administrative vice-president, and in 1957 was elected executive vice-president. Mr. Brundage is secretary and acting chairman of the board of American Heart Assn., and has been secretary-treasurer of New Jersey Heart Assn. since its founding in 1947. He is an advisory director of the Montclair National Bank & Trust Co., and president-elect of Montclair Rotary Club.

Mr. Hardebeck started his insurance career with Bankers National Life of Colorado, and was actuary, assistant secretary and a director at the time the Colorado company was merged with Bankers National of New Jersey. In 1929 Mr. Hardebeck was named associate actuary of the New Jersey company, later becoming actuary and assistant secretary. He was elected vice-president and actuary in 1955.

## Mrs. Joseph To Talk On Insurance On TV May 20

NEW YORK—Lillian Joseph, agent of Home Life at New York, will be on a TV program at 1 p.m. May 20 with Donald Rogers, financial editor of the New York Herald Tribune, and Fannie Hurst, author. Mrs. Joseph will talk on "How Do You Prepare for Widowhood?" The half-hour show will be on the DuMont station, channel 5.



THE MUTUAL BENEFIT LIFE INSURANCE COMPANY, NEWARK, NEW JERSEY



## MANAGERS' FLORIDA MEETING

## Home Life Eliminates Preferred Selection For Large Policies

Elimination of preferred underwriting and the introduction of three new standard policies were announced by Home Life of New York at a meeting of its agency managers in Belleair, Fla.

In making the announcement, President William P. Worthington recalled that Home Life had undertaken the concept of preferred underwriting in 1927. He said the company's decision to discontinue it was based on improved mortality among standard risks and a general reduction in standard premium rates.

New standard policies introduced are: Whole life (\$10,000 minimum), modified life (\$10,000 minimum), and 30-payment life (\$25,000 minimum). The new whole life and modified life contracts have slightly higher premiums than the old preferred plans, with gross rates about 50 cents more per \$1,000 of coverage. The new standard 30-payment life (\$25,000 minimum) has the same premium rates as the old preferred, but has larger cash values.

The theme of the four-day meeting was "Organized for Action," and John H. Evans, vice-president sales, was the general chairman. In reporting new business results in ordinary and group operations, he said the company's first quarter showed an increase of 9%.

Ordinary paid business in March established a new record for that month and was the company's third best month. Group life face amount in the first quarter was 158% better than last year and total group life and A&S premiums were 234% higher than the previous year-to-date.

Mr. Evans also reported excellent results in the company's expansion program. "The company's field force," he said, "is growing at a rate better than a man a day thus far this year."

In a key address, President Worthington discussed with managers the current "climate" for life insurance sales and growth.

"We deal in maturities," he said, "and in periods of economic recession the sacred values of life insurance are seen in their true perspective. Today people are curtailing voluntary buying and putting more dollars into savings. The life insurance business has less competition today than at any time in the past decade."

The career opportunities offered by life insurance are also enhanced in periods such as this one, said Mr. Worthington. Men who become more appreciative of the values of life insurance are attracted by the career opportunities it offers.

A highlight of the meeting was the talk of Merryle Stanley Rukeyser, nationally syndicated financial columnist. Speaking on "Life Insurance Property—the Hallmark of Personal Progress," Mr. Rukeyser made an imaginative presentation of the financial and psychical benefits of life insurance ownership.

"What makes life insurance the 'best seller' that it is?" asked Mr. Rukeyser. "Certainly there is no basic instinct compelling men to accumulate mere sheets of white paper on which black legalistic language appears!"

The appeal lies not in what is physically visible to the human eye, said

Mr. Rukeyser, but in the imaginative vistas which the contract symbolizes.

"The decision to forego some of the immediate gratification of spending for consumable items, in order to obtain deferred benefits, is an expression of maturity and sophistication."

Others appearing on the program of the four-day meeting were O. C. Lincoln, J. F. Walsh, and T. A. Stemmermann, vice-presidents; R. B. Cunningham and G. K. Rugger, 2nd vice-presidents; A. B. Doran and J. T. McCrystal, assistant vice-presidents; F. H. Low and C. A. Turner, assistants to the president; J. W. Langdon and W. W. Stewart Jr., managers of agencies; C. A. Murphy, executive assistant. Agency managers appearing in the panel discussions included W. C. Petty Jr., Huntington, N. Y.; J. R. Chapman, Los Angeles; C. O. Pratt, New York City; P. F. Saint, Boston; Clarence Oshin, New York City; W. B. Stark Jr., Syracuse. R. B. DuVal, Baltimore agent, also was on the program.

Occidental of California passed the \$100 million mark in monthly sales for the first time as April sales of individual life totaled \$100,609,048.

## Ignoring Multi-Line Risky: Waggoner

One of the greatest hazards in agency management is to ignore the subject of all lines underwriting, said Leland T. Waggoner, agency vice-president of Life of North America, in an address at the Colorado managers and general agents conference in Denver.

"Pretending that the trend toward one-stop service doesn't exist is courting disaster, but a knowledge of how multiple-line companies operate and expect to develop their sales plans may be helpful in gathering present and future men," Mr. Waggoner stated.

He went on to say that managers and general agents should make a thorough study of multiple-line operations and from this decide whether there is an approach applicable to their offices and how they can best handle the questions which are bound to arise.

Mr. Waggoner pointed out that the manager is the key to development or maintenance of any sales organization and that recognition of this is

essential for a healthy sales development.

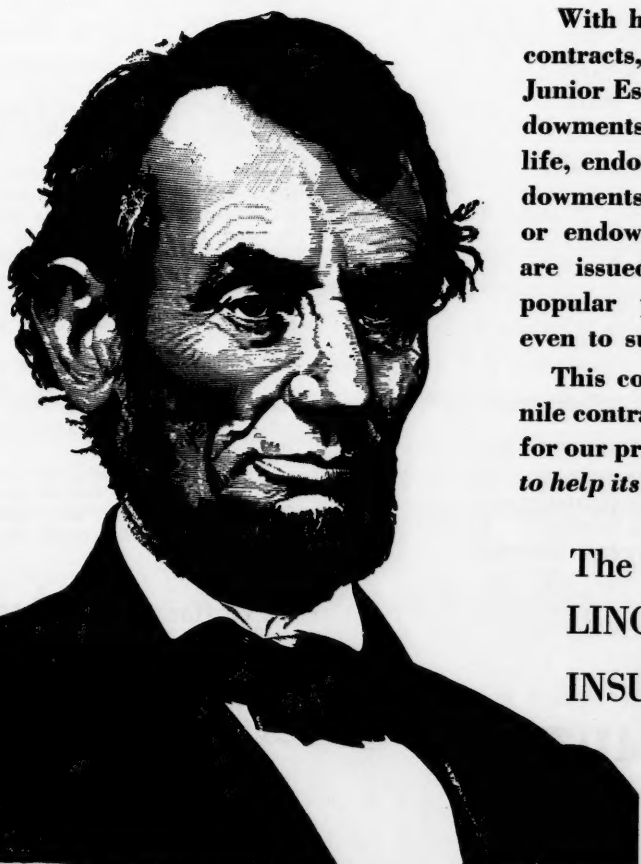
"The manager should be compensated accordingly and should have the authority to make decisions commensurate with the responsibilities which are his," Mr. Waggoner said.

## A. J. Raumann Head Of Guardian Leaders

Arthur J. Raumann of the New York Spaulder, Warshall & Schnur agency, has been elected president of the Leaders Club, of Guardian Life. He succeeds Edward H. Mattingly, Atlanta.

Other officers are 1st vice-president, Sam Baum, Denver; 2nd vice-president, James P. Poole, Atlanta; 3rd vice-president, William Apfelbaum, New York City; eastern vice-president, Douglas J. Bailey, Boston; metropolitan vice-president, Morris H. Misbin, New York City; southern vice-president, Howard C. Busbey, Atlanta; western vice-president, Clarence J. Schneider, Indianapolis.

## ATTRACTIVE JUVENILE CONTRACTS



With his complete line of juvenile contracts, the LNL man can sell the Junior Estate Builder, educational endowments, ordinary or limited pay life, endowment at 65, short-term endowments, and single-premium life or endowment plans. These policies are issued from date of birth. The popular payor benefit is available even to substandard risks.

This complete line of liberal juvenile contracts provides another reason for our proud claim that *LNL is geared to help its field men.*

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LINCOLN NATIONAL LIFE  
INSURANCE COMPANY

Fort Wayne, Indiana  
Its Name Indicates Its Character

# new Life at 60



Sixty is a ripe old age to enter a new field but that's what we have done . . . and we like it! Praetorian Mutual Life is an old company with "young ideas" in the life insurance business. We look forward with anticipation to another 60 years and another . . . and another. We are in the life insurance business for keeps and our young ideas, our enthusiasm and keen interest in doing a job well mean continued success for our company.

## opportunities for career underwriters

### AGENTS — MANAGERS — SUPERVISORS

If you are interested in hearing about the plans of an old, established life company with "young ideas" for the future, contact T. H. Penton, Vice President and Agency Director.

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SINCE 1898  
OLD LINE LEGAL RESERVE  
*Life* INSURANCE COMPANY  
Dallas, Texas  
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## Life Business Basically The Same As Any Other, Denver Agents Are Told

There is no basic difference between life insurance and any other business according to Thomas F. Jones, executive vice-president Capitol Life of Denver, who made this and related points in a speech before Denver Life Underwriters Assn.

Mentioning that people often tell him that other businesses are different inasmuch as they deal with tangible products, Mr. Jones said that actually the same basic problems of management, personnel, accounting, sales and advertising exist—only the product is different.

Pointing out that life business has many advantages unique to it, Mr. Jones stressed that it is "one of the world's most honored professions" and said the absence of scandal or failure has earned the public's trust and respect.

That life insurance is a guaranteed product is a big advantage, he said, and today, with a large amount of so-called guarantees being placed on different items, it is good to know that life insurance has an unqualified guarantee.

### Stability Is Advantage

Stability is another big advantage, Mr. Jones remarked. During a business slump, he said, people need this stability, and no other business has gone through recessions and depressions with as little loss of business as has the life industry.

Selling an intangible product is no disadvantage, said Mr. Jones, who called insurance "clean; not complicated with the many variants that affect manufactured products." Also, Mr. Jones continued, the universal market of life insurance is the envy of other businesses. Other manufacturers cannot increase the per capita consumption of their product, but in life there is much that can be done to help people buy more insurance, he said.

Shortages and over-production are never a worry in the life business, according to Mr. Jones. "We always keep plenty of blank policies in stock," he said.

As to competition, he said there is no question about it being severe. But, he added, this, too, is an advantage, because competition creates progress and improvement, and "since we are all selling a product that is similar in most respects, the small companies can compete on an equal basis with the large."

Good salaries should not be overlooked, he said. As a group, life agents have an average income exceeded only by independent proprietors and small business owners.

Mr. Jones' final point was that professional status can be attained in the life business where most other businesses do not provide that opportunity.

### N. C. Hearing On A&S

Commissioner Gold of North Carolina has set a public hearing May 27 on a filing by the Credit A&H Insurance Rating Bureau which would revise rates on coverage written in connection with small loans.

The bureau requested approval of changes in forms and an increase in rates from \$2 to \$2.50 for each \$5 unit of monthly benefits which would restore the rate prevailing before the cut last year.

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Dine in the splendid old world setting of a grand dining room. The menu is varied, the service unexcelled.

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One of the brightest of the city's supper clubs. Dancing nightly from 9:00 p.m. Air conditioned, of course.

### Rib Room

A true specialty restaurant. For Fabulous Roast Beef, roasted, carved and served to your order.

### MEN'S BAR

Strictly stag — is this all male haven for good drinks, good food and good talk. Plus sports events on TV.

### TRANSIT BAR

For rapid service in the most unique bar in the country . . . decorated with an outstanding collection of miniature trains.

### the PATIO

Pause — in the relaxing, informal atmosphere of the gayly decorated Patio. It's a Cleveland habit to say — "Meet me at the Patio."

### Coffee Shop

Service is brisk and decor cheerful in the modern, air-conditioned coffee shop. Enjoy a tasty sandwich or a moderately priced meal.






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## Sub-standard Accident & Sickness Insurance

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New York Life, which pioneered life insurance for sub-standard risks, now offers a new Sub-standard Accident & Sickness program. Under the program, many people with certain physical impairments or adverse medical histories may—upon payment of an extra premium—qualify for coverage without an impairment exclusion rider. • Extra premiums are of two general types—"permanent" and "temporary" with the temporary extra premium payable for periods of five years or less, depending on the nature and severity of the physical impairment or medical history. • New York Life's complete line of Accident & Sickness policies is available under this new program . . . giving Nylic representatives everywhere more sales opportunities for greater earning potential.

New York Life Insurance  Company  
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Life Insurance • Group Insurance • Annuities • Accident & Sickness Insurance • Pension Plans

## Actuarial Meeting Program Announced

(CONTINUED FROM PAGE 2)

and higher than the minimum need not exceed the amount sufficient to bring the total aggregate reserve up to that on the minimum standard, including any deficiency reserve attaching thereto?

2. What are the current prospects for adoption of a new mortality table for the valuation of ordinary insurance?

B. What is the background of the program currently in progress for mutualization of some prominent Canadian companies? What is expected to be the position in the mutualized companies of policies originally sold on the non-participating plan?

### Discussion of Subjects of Special Interest

2:00 p.m. June 5

The meeting will be divided into three groups which will meet in separate rooms to discuss the subjects indicated. Non-members are welcome to discuss the various topics.

#### Individual Ordinary Insurance

Arthur W. Larsen, Chairman

##### I. Underwriting.

A. What is meant by standard mortality in ordinary insurance—i.e., on what principles is the division between standard and substandard classes determined? How have mortality re-

ductions of the past 25 years affected the concept of standard insurance?

B. What special problems, if any, must be considered in the writing of life insurance (1) at very advanced ages? (2) with mortality ratings in excess of 500%?

##### II. Non-forfeiture benefits.

A. Is there a more satisfactory way of allowing for the expense of paid-up and extended insurance than the use of a margin in the rates of mortality?

B. Is there a more satisfactory way of defining the mortality basis of minimum extended insurance benefits than as a multiple of the mortality used in defining minimum cash values?

C. Is there any trend towards abandonment of extended insurance as a non-forfeiture benefit? Is the automatic premium loan provision a satisfactory substitute?

##### III. Miscellaneous.

A. In what ways may life insurance contracts be redesigned to minimize a possible indefinite continuation of inflation?

B. In the computation of premiums, is there any more satisfactory method of allowing for lighter mortality among female lives than by the use of an age differential? Can the absence of differential rates for female lives be justified when premiums are graded by size?

C. To what extent have the respective theoretical disadvantages predicted for the "policy fee" and "size group" methods of grading premiums by size of policy been encountered in practice?

#### Employee Benefit Plans

Dorrance C. Bronson, Chairman

##### I. Coverage for Small Groups.

How do the premium levels for group life and group A&S contracts covering less than 25 employees compare with those in use for contracts covering 25 or more employees? What has been the claim and lapse experience on this business? What are the costs of administration? Is experience rating practical?

##### II. Pension Plans.

A. What is the present outlook for the spread of the variable annuity concept among (a) insured pension plans and (b) trust fund pension plans?

B. What information is being included in actuarial reports as to actuarial methods and assumptions used (a) for non-insured pension plans and (b) for insured deposit administration plans?

C. Is there a demand in the United States or in Canada for special pension plan provisions for widows and children similar to those in effect in Great Britain? How are such provisions being funded?

##### III. Health Coverages.

A. To what extent is duplicate coverage present in medical expense insurance? What controls have been adopted?

B. What are the advantages and disadvantages of using projection factors in determining hospital and surgical premiums?

C. What steps have been taken to establish or maintain major medical expense protection among retired employees? Has any significant experience been collected?

##### IV. Impact of social security.

A. To what extent has the disability insurance benefit of the U.S. social security law (payable since July 1957, to qualified disability cases over age 50) affected privately operated insurance and retirement plans for employees? Have adjustments been made in private plans to integrate disability benefits thereunder with those provided by social security?

B. What would be the effect on insurance company plans, and on Blue Cross and Blue Shield, of the enactment by Congress of proposals to provide hospitalization and surgical benefits, and nursing and home care following a period of hospitalization, for persons eligible for old age and survivor insurance benefits? What problems would be encountered in attempting to estimate the cost of such benefits?

#### Individual A&S

Charles N. Walker, Chairman

##### I. Problems Arising from Legislation

What problems have arisen from the recent enactment in certain states of legislation limiting a company's right to cancel or to refuse to renew individual A&S policies? What steps have been taken to meet these problems? What problems may arise from similar legislation now being considered by certain state legislatures?

##### II. Underwriting and Administration.

A. Can the problem of duplication of coverage or overinsurance in hospital and medical expense coverages be met by (1) underwriting procedures? (2) claim administration? (3) policy limitations?

B. What problems have been encountered by companies which have attempted to provide insurance to impaired risks by means of extra premiums, with respect to (1) sales? (2) underwriting? (3) claim experience? (4) persistency?

C. The use of guaranteed renewable provision with the right of premium scale changes has become widespread in the writing of hospital and medical expense policies.

1. What problems will confront companies in the future if the need arises to increase premium scales?

2. For policies intended to be paid up at age 65, will problems be encountered if insureds terminate coverage in later years without receiving non-forfeiture benefits?

3. What problems are encountered with policies which are guaranteed renewable for the life of the insured?

##### III. Miscellaneous.

A. What is the relationship of the HIAA statistical plan to existing plans for the study of A&S experience and to the work of the society committee on experience under individual A&S insurance? Is there need for further expansion of the society's area of responsibility?

B. Should any changes be made in the present annual statement requirements for individual A&S, e.g. exhibit 9, Column 11 of the gain & loss exhibit, schedule H, schedule O, and the policy experience exhibit? Is there need for an equivalent of the life insurance policy exhibit? Should schedule H be improved to classify coverages more adequately? What simplifications can be made?

9:30 a.m. June 6

##### II. Actuarial Meetings.

A. Does the simultaneous session plan used on Thursday afternoon at this meeting (and at the 1956 fall meeting) result in a more attractive program?

B. What is the best division when simultaneous sessions are held? Should certain topics (e.g. individual A&S insurance and employee benefit plans) be maintained on a semi-permanent basis?



## "Our Partnership Philosophy 'Sparks' New Ideas!"

SAYS SHERMAN M. JENSON, VICE PRESIDENT, GROUP, AMERICAN UNITED LIFE INSURANCE COMPANY

"NEW sound techniques in the fast-growing area of Group Life Insurance are reflected in our 'Home Protector' Plan.

"Designed specifically for lending institutions making home mortgages, this unique plan is based on coverage of monthly mortgage payments, in such a way that makes it a first-in-the-field.

"Agents are finding 'Home Protector' easy to sell because it's easy to understand—easy to get—easy to pay for—easy to administer. Being true Group, it is low-cost. Simple, flexible . . . designed to meet today's changed needs.

"And, it's available here, first, already proved and working. Another example of our 'Partnership Philosophy' in action.

"American United's portfolio also includes employer-employee plans, group-credit plans, pensions, trusts and a real door-opener —'Baby Group.'

"You might be interested in knowing more about all of these, as well as our 'Partnership Philosophy.' Write, wire or phone me."

Your home office "partners"—key personnel who back you in the field—are pictured in background of above photo. Behind desk, left to right: Henry Heintzberger, Serge Bushong and Tom Eberhard. In front of desk: Willard Thomas and Bill Johnson. Right-hand group: Warren Couger and Charles Macey.



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- Complete portfolio of modern policy forms for better production.
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Assistant Director of Agencies

\*SIR ISAAC NEWTON, who first discovered the difference when an apple fell on his head, arousing his interest in gravity. He put his findings in book in 1687, called greatest contribution to science by any one man.

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Founded 1892  
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C. Would panel sessions or outside speakers on certain topics be preferred to the informal discussion plan?

### III. Special Policies.

#### A. Family Plans.

1. Are there any signs which suggest that the popularity of these plans is waning?
2. Has the persistency of policies written on that of individual policies?
3. What principles are followed in setting up reinstatement requirements for these plans?
4. Have any valuation problems been encountered other than those covered in the paper and discussion on this subject presented at the 1958 eastern spring meeting?

#### B. Bank Loan and Split Dollar Plans.

1. Is there a sustained demand for policies with unusually high early cash values? Are many companies not now issuing these plans planning to do so?
2. Is there a heavy lapse rate on business written on these plans? If so, what underwriting precautions can be suggested to improve persistency?

#### IV. Agents' compensation.

What are the trends in compensation arrangements for general agents or agency managers?

Smaller Company Forum  
1:30 p.m. June 6

### I. Mortality

A. What studies can be justified by small companies, and what results have they shown?

B. What standards for expected mortality have been successfully used?

C. Have any companies compared their experience with table X-17?

D. What objections, if any, are there among small companies for adopting X-17 as a valuation standard on a mandatory basis; on a permission basis?

E. If X-17 is adopted on a valuation basis, what effect would it have on premiums or dividends?

### II. Merchandising.

What special problems have smaller companies encountered in trying to stay abreast of new methods of merchandising ordinary insurance—family plans, graded premiums, policies with high early cash values, clauses designed to "insure insurability," lower rates for females.

### III. Smaller Company Forum.

A. If the western spring meeting of the society includes a session of simultaneous discussions, should the smaller company forum (a) be continued as a separate session, (b) be combined with a session on individual ordinary insurance, or (c) be a separate section of the simultaneous discussions?

B. In 1959 there will be four regional meetings in the spring (Atlanta, New York, Omaha, San Francisco). Should the smaller company forum be a part of any of these meetings?

C. To what extent have the smaller company forums fulfilled the needs of actuaries of the small companies?

D. If the smaller company forum is continued, how can it be improved?

### IV. Current Conditions.

What variations have occurred in the economy of various regions, and what has been the effect on life insurance sales? Policy loans and surrenders? Changes in mode of premium payments? New investments?

What steps have companies taken to adjust their home office and field operations to these changes?

### V. Company Organization.

To compete successfully, have small companies found it necessary to sell individual A&S insurance? Enter the group field? Develop an affiliation with a fire and casualty company?

What are the major problems associated with each of these developments?

## LOMA Regional Draws 254 For Varied Discussions

(CONTINUED FROM PAGE 2)

planning Crown Life, and J. E. Smart, planning executive of Confederation Life.

The session on supervisory problems had Orville Eadie, manager of personnel and planning of London Life, as chairman. The audience, divided into "buzz" groups of 10, discussed four questions, with each of the groups handling one question.

On the opening day, G. B. Phillips Jr., secretary of Jefferson Standard, was chairman for the initial discussion, on "Building the Individual," which got under way following messages of welcome from Peter McDonald, president of LOMA and Roy A. MacDonald, managing director.

Four aspects of the subject were covered by James Greenwood, personnel secretary of Massachusetts Mutual; L. M. Davison, associate secretary Manufacturers Life; S. T. Tooker, 2nd vice-president Travelers, and Henry Dawes, director of personnel Connecticut General.

The guest speaker at the opening day luncheon, Rev. Richard D. Jones,

executive director Canadian Council of Christians & Jews, discussed the factors motivating personnel to do an effective job for the employer. These are pride in the product or service; pride in the company producing them, and pride in the management of the company.

### "Built-in Job Satisfaction"

D. A. Roberts, vice-president and comptroller of Mutual of Canada served as chairman for the subject, "Built-in Job Satisfaction." Speakers were E. A. Robie, 2nd vice-president and personnel director of Equitable Society, and L. M. Clark, assistant planning officer of Sun Life of Canada.

Chairman for the discussion of staff administration was R. O. A. Hunter, secretary of Great-West, with P. L. Mitzner, vice-president, personnel, State Farm, and T. J. Gorham, personnel manager, Home Life of New York, discussing the "line" versus the "staff" concepts of personnel administration.

The concluding feature of the regional meeting was an address by W. H. Eastman, personnel director of John Hancock, whose subject was, "Where Are We Heading?"

Mr. Eastman discussed employee-management relations, and at the start traced the part played by tradition in the behavior of an individual. He went on to evaluate the effectiveness of a formal human relations program in business and industry.

Mr. Eastman put this question to his audience, "Can you actually plan and program human relations?" There followed a comprehensive discussion of just what is meant by human relations, and an appraisal of formal human relations programs.

"In my book, human relations are the expression of a feeling—the manifestations of a basic attitude—the practice of a way of life," Mr. Eastman continued.

In concluding his address, Mr. Eastman answered the question, "Where are we heading?" in this way:

"I believe we are headed into a world where we can, if we will, share in the richest development of human resources this world has ever seen, but only by leading the parade, by initiating and promoting policies without fear or favor which will contribute to the building of the individual we have heard so much about at this meeting."



Life and Casualty Insurance Company has always followed a well planned course for progress. We look to the future with confidence. With well over a Billion Dollars of Life Insurance in force today, compared with the modest beginning of 1903, our goal of Two Billion Dollars of Insurance in force by 1960 is already assured of achievement. Aware of the abilities of the men and women in our field force, because of the marvelous accomplishments in the past, we are confident that this goal will be reached.

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## News Of Field Men

### Massachusetts Mutual

Stanley W. Bowen has been advanced from group representative to district group manager at Los Angeles by Massachusetts Mutual and Philip D. Langlois has been advanced at the Cleveland group office to regional pension manager there.

Robert F. McCormick, J. Willard

Pickett and Paul Brown were named pension representatives at regional group offices in Cleveland, Boston and Atlanta, respectively.

### Prudential

Prudential has opened a new district office at 432 Eastern avenue, Essex, in the Baltimore area, managed by

Lawrence R. Pinno, regional supervisor of the Delaware-Maryland region. He joined the company in 1950 at Chester, Pa.

### American United Life

Edward J. Breitenbach has been named agency manager in Des Plaines, Ill. He entered insurance in 1954.

### Aetna Life

Robert R. Tebow has been appointed assistant general agent of the Craig

agency of Aetna Life at Los Angeles. He joined the company in 1946 at Cincinnati and later did management work.

### Equitable Of Iowa

Three new general agents have been appointed: John D. Hopper has been named at Harrisburg to succeed the late Q. R. Cowman. Mr. Hopper joined the Harrisburg agency in 1952.



J. D. Hopper

has been named at Jacksonville, suc-

James M. Winge has been named at Tampa, the company's first general agent in that city. He joined Provident Mutual in 1952 and was made unit supervisor at Atlanta in 1954.

### Raymond Harris



J. M. Winge



R. Harris

ceeding Phillips Marshall who has resigned but will continue as a personal producer. Mr. Harris joined Life of Georgia in 1949 and later went with Provident Mutual, becoming brokerage manager at Atlanta in 1957.

### Connecticut General

Carl T. Furniss, assistant superintendent of agencies, has been appointed manager for Connecticut General at Hartford, succeeding Frank O. H. Williams, recently appointed vice-president. Mr. Furniss joined the company at Lancaster, Pa., in 1946, becoming assistant Philadelphia manager in 1947.

Howard E. Mohr, assistant manager at Hartford since 1951, has been appointed manager of the New Haven agency, formerly a district office of the Hartford agency, which now becomes a separate branch and will have the district offices at Bridgeport, Stamford and New London under its direction. Sales operations at New Britain and at the Allen, Russell & Allen general insurance agency in Hartford will continue under the Hartford agency's direction.

### Travelers

Travelers has appointed John H. Whitehouse, Clyde C. Bell Jr., and Ned D. Johnson managers at Hempstead, N. Y., Rochester, N. Y., and Yonkers, respectively.



John H. Whitehouse

Mr. Whitehouse joined Travelers in 1950 at New York, becoming manager at Rochester in 1955. He succeeds E. R. Wilkinson, who has been granted sick leave on the advice of his doctor.

Mr. Bell joined the company in 1951 at Reading, Pa., after serving as Berks county safety director for the Red Cross. He became assistant manager there, with headquarters at Harrisburg.

Mr. Johnson went with Travelers in

Recently some 85 of N/W National's leading producers gathered at the Edgewater Gulf Hotel for a preview of spring and a look-see at ideas meant to make their 1958-and-future years even better than record-breaking 1957. Under the theme, "Organizing for Growth," they engaged in helpful exchange of ideas, heard practical talks on a variety of sales and market-building topics, enjoyed a round of golf and a dip in the pool, and went home reaching for new horizons. Growth made possible through such Leaders Conferences is another reason for the high regard in which our agents hold the N/W National franchise and the opportunities it represents.

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*Life Insurance for Living*

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1951 at Bridgeport, Conn., serving as assistant manager there and at New York. He succeeds **John D. Katterhorn**,



Clyde C. Bell Jr.



Ned D. Johnson

who has been granted sick leave on his doctor's advice.

#### Washington National

**J. J. Weinstein** has been appointed general agent in New London, Conn., with offices at 20 Meridian street. He has had five years sales and managerial experience in A&S and life.



J. J. Weinstein

**James T. Dwyer** has been named general agent in Providence. He entered the business in 1950 with Union Mutual at Syracuse, and in 1955 was appointed field supervisor in five eastern states. He became a general agent for the same company in 1956.

#### Lincoln National Life

**Thomas B. Sullivan** has been appointed general agent in Detroit, succeeding **George E. Griscom**, who is resigning to concentrate on estate planning as a member of the agency, which will be known as the Sullivan agency. After June 1, the agency will be located at 18441 James Cousins road. Mr. Sullivan has eight years experience, including service as division manager.



Thomas B. Sullivan

#### Northwestern Mutual Life

**Lon R. Argabright** has been named assistant to **Austin D. Rinne**, new



L. R. Argabright



A. D. Rinne

Dallas general agent. Mr. Argabright, who has been assistant to the director of education and field training at the home office, joined the company in 1953 as a special agent in Oklahoma City.

#### New York Life

**William F. Lynch** has been appointed district manager of the Butte, Mont., group office of New York Life. He has been a home office group representative at New York.

#### Name Beloit President A CLU Educational Adviser

President **Miller Upton** of Beloit College, a national authority on business finance, has been appointed to the council of educational advisers of American College of Life Underwriters and American Institute for Property & Liability Underwriters. Mr. Upton has a background of teaching and administrative experience at Tulane University, Northwestern University and Washington University. He is the author of articles and

co-author of books on business finance, and was the recipient of the Jerome Jones scholarship at Harvard University and a graduate fellowship in finance at Northwestern.

#### General American Remodels Office

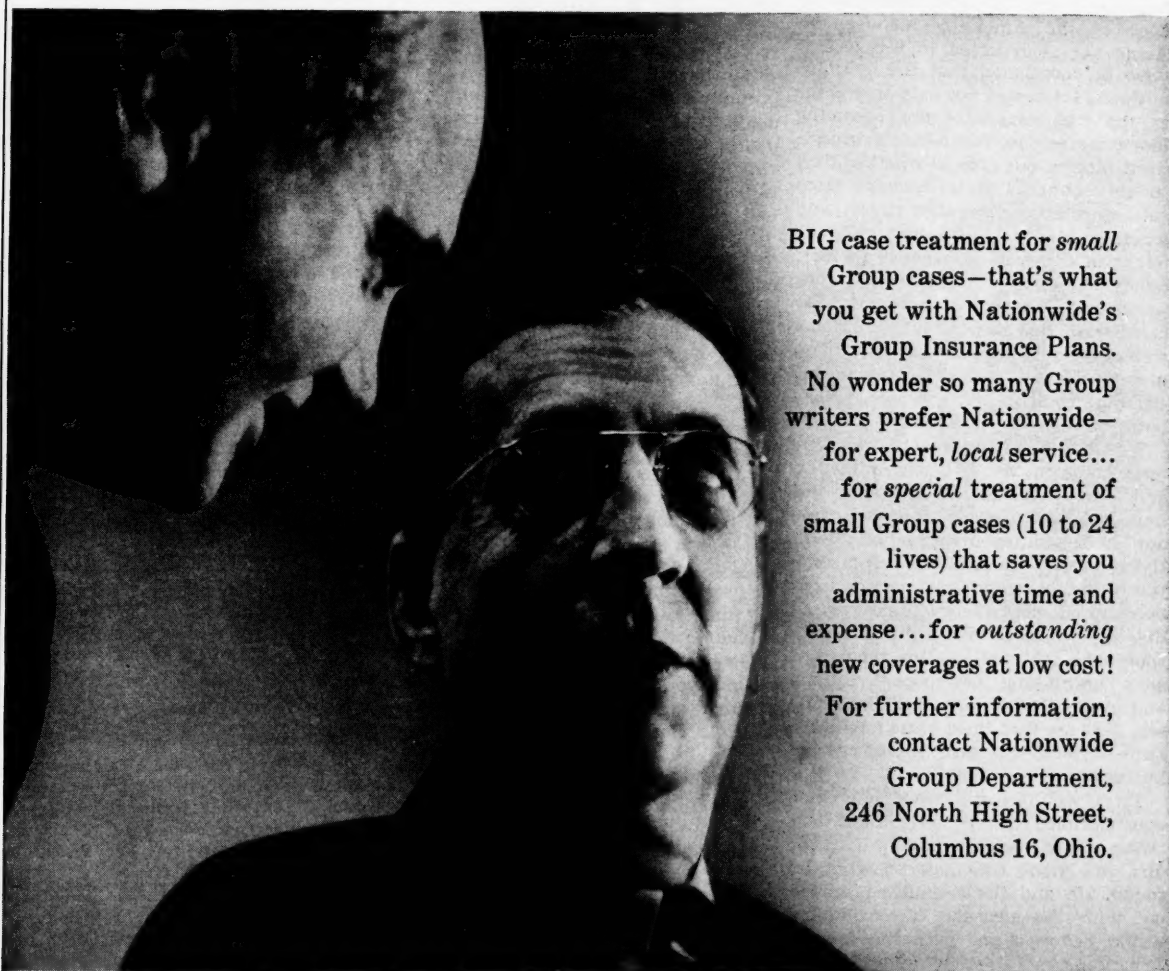
Modernization of General American Life's home office building in St. Louis has been finished with the completion of the third and fourth floors. The project, first started in 1951, resulted from the company's decision to remain in downtown St. Louis rather than building outside that area.

#### Mutual Benefit Life Up 29% For First Quarter

Mutual Benefit Life reported a 20% increase in sales for March, a new March record for volume. The company sold \$42 million of ordinary, bringing the total for the first quarter to \$116,675,000, up 24.2%.

**Presidential Life** of Indianapolis has been given a certificate by the Indiana department. The company will specialize in a savings-investment plan.

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**Mr. Samuel C. King** (left) of Samuel C. King Agency, N.Y.C., with **Dr. F. F. Bradshaw**, President of Richardson, Bellows, Henry & Company, Inc., N.Y.C. Dr. Bradshaw's firm is covered by Nationwide Group Insurance.



NATIONWIDE MUTUAL INSURANCE COMPANY • NATIONWIDE LIFE INSURANCE COMPANY

## Editorial Comment

### O'Mahoney Rides Again—The Same Horse

"Here we go again, boys," was our reaction to the utterances of the O'Mahoney subcommittee's counsel last week on the life insurance phases of the Senate inquiry into the insurance business.

Having observed and reported on the life insurance investigation of Sen. O'Mahoney's temporary national economic committee of nearly a score of years ago, we had no trouble detecting the same old O'Mahoney leitmotif: Have the life companies grown so big, individually and collectively, that they are dominating the economy's financing more than is healthy?

Counsel Donald P. McHugh of the Senate anti-trust and monopoly subcommittee dealt mainly with regulation of fire and casualty business in his talk before the insurance conference of the American Management Assn., but as reported in last week's issue he mentioned that the subcommittee is interested not only in whether the life companies are becoming too dominant in the nation's investment picture but also in whether they should continue to be exempt from rate regulation by the states and whether they are affording all they might in the way of benefits to their policyholders at the lowest cost consistent with financial stability. He also mentioned the possibility that some state laws might be unduly tough on new companies and in this way restraining competition in a way incompatible with the public interest.

The "bigness" approach was the main thing in the TNEC investigation and although as Sen. O'Mahoney said later, the life insurance business came out of the entire investigation "with flying colors," it didn't prevent some pretty unfair inquisitorial tactics from being used. The favorite one was to dig up isolated, non-typical smelly spots and get publicity for them that gave unthinking newspaper readers, and even a good many thinking readers, the idea that these situations were quite typical of the life insurance business.

TNEC counsel and chief inquisitor was Gerhard Gesell, a brilliant and rising young lawyer, who dug hard for dirt and made the most of what he found. He and the committee started out with the idea that their inquiry would be on a par with the famous Armstrong investigation in New York in the early years of the century. From that point of view the TNEC probe was a fizzle.

Hence it is surprising as well as discouraging to find that Sen. O'Mahoney, to judge from his counsel's statements, is still off on the dominance kick. Of course, from a strategy point of view it is a handy stick to belt the companies with: If they are favoring big, solvent corporate borrowers in their lending, aren't they discriminating against the deserving little fellow who needs financing so he can prosper and not be forced to the wall by his giant competitors who have access to all this money that the life companies are lending?

On the other hand, if a life company is lending to small, weak corporations, thereby flying in the face of the facts of economic life, doesn't this mean that the insurer is violating its obligation to invest its policyholders' funds with the greatest soundness compatible with a reasonable return?

So the insurer is damned if it does and damned if it doesn't—and what better set-up could an inquisitor want than that?

The life companies can expect to have the committee explore any unfavorable aspects it can find, without being too careful to point out the limited extent to which such things prevail. They can expect to have newspapers pick up and feature the most sensational parts of the unfavorable stuff that the committee delves into.

But it's safe to say that trouble spots unearthed in the TNEC investigation have been cured and, more important, some of the things that were made to look bad because many companies lacked the public relations savvy they have since acquired are going to be difficult or impossible for probers to make capital of.

Life companies learned from the TNEC investigation that it was not enough to be innocent—you'd better look innocent, too, or some smart inquisitor is going to make a monkey out of you on the witness stand. A vast amount of progress has been made on this front in the last 20 years. Moreover, there is available now through the Institute of Life Insurance a tremendous amount of authentic information about the business that was not available from any central source at the time the TNEC was poking around. There is nothing like an unassailable body of facts to cool off the fellows with the "Have-you-left-off-beating-your-wife?" type of questions.

One point in Mr. McHugh's talk should cause some wondering about possible congressional action on New York's ultra-strict insurance laws, particularly their extra-territorial application.

"A study of the competitive environment in which the insurance industry operates will necessarily embrace an appraisal of restrictions through licensing upon the freedom of entry of new firms into the insurance business," said Mr. McHugh. "A properly administered state program must balance the need for preserving solvency and financial stability with the goal of promoting competition through the licensing of new insurance carriers."

Mr. McHugh was thinking particularly of state laws designed to protect domestic companies from competition of out-of-state insurers but inquiry into this could hardly overlook needlessly strict requirements set by a state, even though just as tough on domestic companies as out-of-state insurers. By insisting that any company licensed in New York follow the New York law, in certain essential respects, wherever the company operates, does

New York needlessly interfere with freedom of competition? It can be argued that it is a good thing for New York to be so strict—but the O'Mahoney subcommittee is obviously wondering if there can be too much of a good thing. It would not be surprising if the New York laws got an intense spotlighting.—R.B.M.

## Personals

**Philip F. Howerton**, general agent for Connecticut Mutual Life in Charlotte, N. C., has been elected moderator of the general assembly of the Presbyterian Church in the United States. Mr. Howerton, ruling elder of the First Presbyterian Church in Charlotte, is only the ninth layman to be chosen moderator in the 98-year history of the denomination. It is the top post in southern Presbyterianism. Mr. Howerton's father, the late Rev. James R. Howerton, served as moderator in 1907-08.

**Miss Elizabeth Curtin**, daughter of James T. Curtin, New York manager of the National Underwriter Co., was one of the top prize winners in the contest among high school editors sponsored by the joint committee for promotion of the Port of New York. A senior at Dominican Commercial High, Jamaica, Miss Curtin won first prize in the parochial and private high school division for her writing on the port and its functions. About 550 editors competed. New York Board of Underwriters was one of the sponsoring organizations.



**George B. Byrnes**, New England Life general agent in New York City and a director of the National Epilepsy League, presents an award to actress **Constance Bennett** for her work on behalf of the league.

**Vincent B. Coffin**, senior vice-president of Connecticut Mutual Life, has been elected chairman of National Travelers Aid Assn. He recently completed a two-year term as its president.

**R. Howard Dobbs Jr.**, president of Life of Georgia, has been appointed co-chairman for the Atlanta Community Chest fall campaign.

**Wallace L. Clapp**, vice-president of the Eastern Underwriter, received word while attending the Health Insurance Assn. meeting in Chicago that he had become a grandfather for the first time with the birth of a daughter to Mrs. Clapp and W. L. Clapp, Jr., of Collingswood, N. J. W. L. Clapp, Jr. is with regional office of Royal-Globe group at Philadelphia. The baby is the first girl in four generations of Clapps.

## The NATIONAL UNDERWRITER

The National  
Weekly Newspaper of  
Life Insurance



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**SAN FRANCISCO 4, CAL.**—582 Market St., Tel. Exbrook 2-3054. Richard G. Hamilton, Pacific Coast Manager.

### CHANGE OF ADDRESS

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## Deaths

**HARRY W. COOLEY**, 62, assistant manager of Travelers at Oklahoma City, died in a Tulsa hospital. He had been with the company 31 years and was past MLG of the Oklahoma pond of Blue Goose.

**BEVERLY LAKE**, 83, who retired in 1940 after serving for many years as district manager for Metropolitan Life in Durham, N. C., died there.

### N. D. A&H Assn. Names N. H. Lang President

The new president of North Dakota A&H Assn. is Norbert H. Lang, American Life & Casualty, Fargo. Other officers elected at the annual meeting in Bismarck are Jake Stein, New York Life, Jamestown, vice-president; Dale Augustin, Mutual Benefit H&A, Grand Forks, vice-president; Jerry Tolleson, Mutual Benefit H&A, Minot, vice-president, and O. D. Olson, North American Life & Casualty, Fargo, secretary-treasurer.

### Bankers National Passes Half Billion In Force

Bankers National Life this month celebrated the achieving of half a billion dollars of life insurance in force. President Ralph R. Lounsbury paid tribute to the agents and employees and pointed out that it required 17 years to reach the first 100 million dollars. The company is now in its 31st year of operations.

### St. Louis GA's To Hold Panel

General Agents & Managers Conference of St. Louis will be held May 22, and will feature a panel discussion entitled "Induction and Initial Training for New Agents." Harley J. Simpson, Equitable Society, is moderator, and the panel members are: Wallace C. Brunner, Connecticut Mutual; Darrell Eichoff, Metropolitan Life; Russell Fette, New England Mutual; Joseph Krull, General American; and Warren G. Pryor, New York Life.

## Stocks

By H. W. Cornelius, Bacon, Whipple & Co.  
135 S. LaSalle St., Chicago, May 13, 1958

	Bid	Asked
Aetna Life	175	180
Beneficial Standard	14 1/4	15 1/4
Business Men's Assurance	66 1/2	69 1/2
Cal-Western States	80	83
Columbian National	70	73
Commonwealth Life	21	22
Connecticut General	245	250
Continental Assurance	128	130
Franklin Life	66 1/2	68
Great Southern Life	72	75
Gulf Life	21 1/2	22 1/2
Jefferson Standard	71	73
Kansas City Life	1230	1260
Liberty National Life	28	29
Life & Casualty	20	21 1/4
Life of Virginia	94	96
Lincoln National Life	190	193
National L. & A.	78 1/2	80
North American, Ill.	17 1/4	18 1/4
N. W. National Life	81	Bid
Ohio State Life	235	255
Old Line Life	42	45
Republic Natl. Life	45 1/2	47 1/2
Southland Life	79	82
Southwestern Life	100	104
Travelers	74 1/4	75 1/4
United, Ill.	25 1/4	26 1/4
U. S. Life	32 1/2	33 1/2
West Coast Life	34 1/2	35 1/2
Wisconsin National Life	60	63

## Multiple Line Is No Professional Hindrance

CONTINUED FROM PAGE 2

casualty companies to wonder if their production would not suffer to the extent that their agents were devoting their time and talents to life production.

Also of great significance is the fact that the great majority of large group life and A&S cases are produced by the general insurance man who through the close contact he has developed with his corporate clients has been in a position to control group sales.

While an impressive case can be made for the view that life insurance marketing requires a trained specialist, there has been a marked trend towards packages like the family plan which can be sold without a high degree of technical knowledge. Couple this with a better informed public and the fact that the general insurance man does not have the billing and claims expense in life insurance that he has with his fire and casualty lines and add the fact that the general insurance producer is suffering from a combination of increasing overhead costs and having his market limited by competition from direct writers, and we begin to see why there is an interest in life insurance marketing both on the part of fire and casualty companies and their agents.

### Less Individual Service

Does all this mean that the CLU, or the CPCU for that matter, is a dead duck? The answer in my opinion is a resounding "No!" There is, of course, going to be less tailor-making and costly individualized service, particularly for those in the lower income brackets. Rambler customers can't afford Cadillac service.

When life companies enter the property insurance field, many of their agents will probably decide to include property and casualty coverages within the scope of their work.

A number of agents may also be motivated for reasons expressed in other portions of these remarks, to seek a partnership or direct affiliation with a fire and casualty agency, or to represent a company which already handles all lines of insurance.

Some large fire and casualty agencies have already established life departments many of which are headed by CLUs. Conversely, when life companies enter the property insurance field, they will undoubtedly feel the need for CPCUs or otherwise qualified specialists to aid and train their field men. It is also a sure bet that there will always be a substantial number of programmers, estate planners, pension and business insurance experts to handle life insurance for the upper income bracket clients.

### Sees Specialist System

Putting it another way, there will be a group of agents handling all lines of coverage including life, particularly in the personal coverages, at a package level, catering primarily to the lower and middle income groups. More and more independent agencies will feel the necessity for selling life coverages. A large number of these will be staffed by specialists in the various lines of insurance in much the same way as law firms and medical clinics are staffed by specialists in the various fields of law and medicine.

And finally, there will be the life insurance specialist co-ordinating the security benefit programs of well-heeled independents and business con-

cerns into a tailor-made program. Dr. Huebner has this to say on the subject, in the proceedings of the Assn. of University Teachers of Insurance last December: "There should be no doubt or fear that the properly educated life underwriter in terms of knowledge of subject matter and professional attitude will have a narrowing field of opportunity. Even as a life underwriter only (assuming the inclusion of health insurance), he will have expanding opportunities which tend more and more to a lasting client relationship with his insured."

It is my considered opinion that the advent of multiple underwriting will enhance rather than detract from the professional life underwriter—the CLU. The public won't and shouldn't pay large distribution costs for any need of which they are fully aware. For example, almost everybody today understands the need for a clean-up fund, but as we go up the scale toward estate planning and business needs, problems become more complex, the public is less aware of their requirements and the services of a professional life underwriter are more urgently needed.

Also, we must remember that people are constantly moving from the lower to the higher income groups, and as their property holding and responsibilities increase, they have greater needs for professional service. For example, the number of families with spendable incomes over \$4,000 is twice as large as it was in 1950, and in 1960 it will be three times as great as it is today. The 1957 issue of *Life Insurance Ownership Among American Families* indicates that as family units move up to higher income brackets they do not increase their purchases of life insurance in proportion.

In the \$4,000 to \$5,000 group, which represents 19% of United States households, the average expenditure for life insurance dropped from \$140 to \$120 between 1950 and 1956. In the \$5,000 to \$7,500 bracket life insurance spending dropped from \$210 to \$185, and in the \$7,500 and over group from \$535 to \$440.

Perhaps the ideal would be reached in partnerships between CLUs and CPCUs who by joint action, both assuming the responsibility for their respective professional field, would establish a client relationship that would provide a service covering completely the insurance needs of the policyholder.



## MEN GET AHEAD FASTER!

some of the reasons are . . .

### 1. THEIR PRODUCT IS IN STEP WITH THE TIMES . . .

Federal Life offers their men the finest Accident and Health contracts available today. In turn, our men can offer prospects non-cancelable, guaranteed renewable accident and health contracts, and participating as well as non-participating life insurance plans.

### 2. FEDERAL LIFE HAS A VARIETY OF POLICIES . . .

Federal Life men are able to obtain more business because they have a policy for every need. To name a few: Major Medical, Major Hospital, Secured Income Plan, and Non-Cancellable Disability.

### 3. EACH POLICY IS TAILOR-MADE . . .

Each policy has a number of plans, any of which can be adopted to fit an individual need. In short, a plan for every pocketbook.

### 4. PROMPT CLAIM SERVICE BUILDS GOOD-WILL . . .

Federal Life pays its claims promptly; it offers no excuses and builds added good-will for its agents. In 1957, the Federal Life Claim Department paid over \$5,300,000.00 in claims.

If you would like more details on how you can get AHEAD faster write:

Emery Huff, Dept. NU

**FEDERAL LIFE  
INSURANCE COMPANY**

6100 North Cicero Avenue, Chicago, Illinois

## Home Office Changes

### Aetna Life

William S. Carpenter and Norman C. Thomas have been appointed agency assistants at the Aetna Life home office. Mr. Carpenter, formerly assistant supervisor at Mineola, N. Y., will assist in the sales promotion program and teach in the life insurance school.

Mr. Thomas will also teach in the school. He has been assistant supervisor at Omaha.

### Federal Life Of Chicago

William M. Burt has been named to the newly created post of representative in the company's newly re-

organized group department, his duties being to form a stronger liaison between the home office and Federal Life agents. Mr. Burt was formerly with Continental Casualty.

### Connecticut Mutual

Darrell E. Morrisette has been promoted to supervisor of policy issues of Connecticut Mutual, succeeding Clifford R. Haskins, who retired after 44 years with the company. Mr. Morrisette joined the company in 1937, and has been assistant manager of the policy department since 1949.

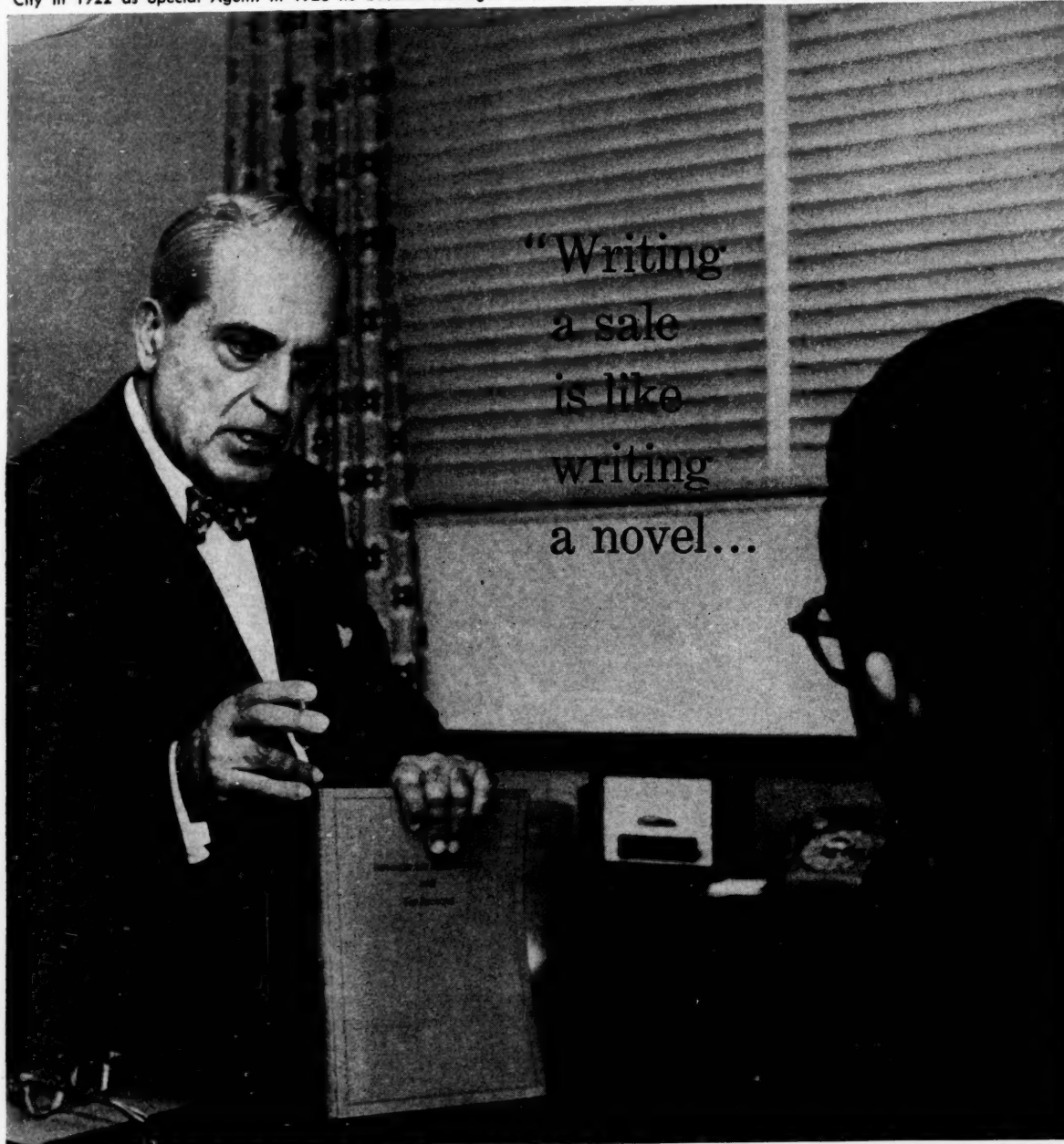
### Ohio National Life

John H. Reed has been named director of agents training. He opened the Peoria agency in 1953, after many years with Lumbermens Mutual Casualty and New England Mutual. In 1957 he moved to Ohio National's home office.



J. H. Reed

ANDREW KAKOYANNIS, General Agent for the Berkshire Life Insurance Company in Miami, Florida, entered the business in New York City in 1922 as Special Agent. In 1928 he became Manager in the same city and in 1948 joined Berkshire Life as General Agent.



... and like the creative writer, an agent must utilize all the technical knowledge, personal experience, understanding and talent at his command, before he reaches the happy ending of a completed sale."

"There's more creativeness involved in insurance selling, Mr. Kakoyannis, than I ever realized!"

"That's right. Any member of Berkshire's field management team will tell you that the successful agent's job is 99% creative. That's why our training and field supervision program is continuous, designed to add a never-ending fund of information to each agent's total experience. With this increased knowledge and technical skill the agents are equipped to sell even complex plans with complete confidence."

"Would I get the benefits of this program?"

"If your qualifications meet our recruitment standards, you certainly will. The whole philosophy of the program is to help both new and experienced agents increase their income by increasing their knowledge and technical competence. It makes it easy to understand why today Berkshire presents the greatest potential for personal growth in the industry!"

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Life, Accident & Sickness, Pension Plans, Annuities  
W. Rankin Furey, C.L.U., President  
George D. Covell, C.L.U., Agency Vice President  
PITTSFIELD, MASS. • A MUTUAL COMPANY • 1851

### Prudential

John A. Albertson has been promoted to investment analyst in the commercial and industrial loan department, Detroit. He joined the bond department in 1947 and went to the Minneapolis regional home office in 1953.

### Equitable Society

Drs. John W. Unger and Robert G. Wood have been appointed assistant medical directors of Equitable Society.

Dr. Unger has been in private practice in Lorey, N. Y. Dr. Wood has been in private practice in Coffeyville, Kansas.

### Colonial Life

Colonial Life has appointed James R. Anderson assistant actuary. He joined the actuarial department last October. He is an associate of Society of Actuaries.

**MICHIGAN LIFE**—Harry O. Bourke has been elected vice-president for bank service. He went with the company's claim department in 1953 in Escanaba, Mich., and later was promoted to assistant vice-president and 2nd vice-president in the bank service division. A. Y. Beaupre, with Michigan Life since 1930, has been named vice-president, commercial A&H department.

**INTERSTATE LIFE & ACCIDENT** has promoted Robert V. McBrayer from assistant manager of the division I agency force to the newly created post of assistant manager of agencies. He has been with the company since 1931.

**BENEFICIAL STANDARD LIFE**—John F. Marten, has been elected to the board. He is president of Great Western Savings & Loan Assn.

### MANAGEMENT A CONSULTANTS

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## Give Key Portions Of Associations' FTC Brief

(CONTINUED FROM PAGE 5)

Trade Commission act is rendered inapplicable to National's and American's advertising practices by the existence of state regulatory legislation.

The majority of the commission reached, and the petitioner here urges, a contrary conclusion. The commission construed the proviso to section 2(b)

as meaning that the Federal Trade Commission act shall apply to the "purely interstate" aspects of the activities of insurance companies even though the same activities are regulated by state law. The reasoning by which the commission reached this conclusion did not depend upon the words of the statute—and indeed is antithetic to them—but as the commission itself indicated was based upon certain assumptions with respect to constitutional limitations imposed by the commerce clause on the authority of the states to regulate interstate commerce.

### Gives Congress' Position

The commission's premise was that the commerce clause of its own force prevents the states from regulating interstate commerce, and that Congress has not removed and cannot remove this disability as to the regulation of interstate insurance transactions. Since the jurisdiction of the Federal Trade Commission is in any event restricted to practices "in" interstate commerce, Federal Trade Commission vs Bunte Bros., Inc., 312 U.S. 349, the commission was forced by its premise to the incongruous conclusion that the last 12 words of the proviso to section 2(b)—"to the extent that such business is not regulated by state law"—have no meaning whatever as applied to the Federal Trade Commission act. For on the commission's theory the Federal Trade Commission act would continue to apply to all the activities to which it had ever applied, even though it "in one sense would supersede a state law covering the same subject matter in a different and local phase of the transaction" (A.R. 75).

Counsel for the commission appear now to concede that the premise upon which the commission proceeded is erroneous (Pet. Br., pp. 38-39, 41). They recognize, as they must, that "Congress has undoubted power to re-define the distribution of power over interstate commerce", Southern Pacific vs Arizona, 325 U.S. 761, 769, and that the McCarran act is an exercise of this power, Prudential Ins. Co. vs Benjamin, 328 U.S. 408. They continue to urge, however, that the terms of the McCarran act, and particularly the words of the proviso to section 2(b), do not prevent the exercise of Federal Trade Commission jurisdiction in the cases before this court.

### Counsel Construction Differs

To reach this result counsel have rejected the commission's construction of the statute, and have adopted a construction explicitly repudiated by the commission. The commission had concluded that in the event of conflict between the terms or application of the Federal Trade Commission act and state legislative provisions the former must prevail, because Congress must have "contemplated that under certain conditions the Federal Trade Commission act might supersede a state law purporting to regulate the business of insurance but not covering all aspects thereof" (A.R. 75). Counsel now dismiss this conclusion as only obiter dicta, recognizing that the Prudential case and North Little Rock Transportation Co. vs Casualty Reciprocal Exchange, 181 F. 2d 174 (C.C.A.8), certiorari denied, 340 U.S. 823, establish the contrary (Pet. Br., pp. 36-37 n. 24). They now advance a theory of general concurrent jurisdic-

tion, under which the Federal Trade Commission act would continue to apply to the advertising of any particular insurance company unless the states formally and explicitly sanctioned that advertising, by legislation or after formal hearing.

As we have pointed out, the FTC construed the proviso in a manner that flatly disregarded the over-all structure of the statute by giving the FTC precisely the same degree of jurisdiction that it would have had if reference to it had been contained in section 4 of the statute, which lists the federal regulatory statutes whose application to the business of insurance the McCarran act was not to "affect in any manner."

Counsel for the commission seek to avoid this difficulty by conceding that the commission was in error by stating that the FTC act would supersede state law in the event of conflict. Their reading of the proviso, however, is subject to an equally serious difficulty of the same kind. Section 2(b) of the statute, apart from the proviso, provides that: "No act of Congress shall be construed to invalidate, impair, or

supersede any law enacted by any state for the purpose of regulating the business of insurance, or which imposes a fee or tax upon such business, unless such act specifically relates to the business of insurance."

On petitioner's construction of the proviso it becomes nothing more or less than a reiteration of the language above quoted. As the FTC itself recognized in its opinion, which explicitly rejects the interpretation of the proviso now urged by its counsel (A.R. 74):

"If this proviso meant only that no action could be taken under the FTC act which was in conflict with state law it was wholly unnecessary. The statute already had stated that no act of Congress shall invalidate, impair, or supersede a state law unless it relates specifically to insurance."

There is no warrant for rendering meaningless, as petitioner's argument does, an integral part of the statute, and it is significant that the FTC itself recognized the indefensibility of such a construction and expressly repudiated it.

Commission counsel, in support of



## THINK...

WHY are you paid the same commission as the lowest producers in your agency when you are consistently a top producer?

WHY do so few companies vest renewal commissions?

WHY do you receive little continuing reward for attracting good producers to your agency?

WHY are your renewal commissions for low lapses the same as paid to other representatives for high lapses?

WHY is your renewal commission schedule so low if persistency is so vitally important?

WHY are smaller renewal commissions paid over a long period of time instead of larger commissions paid over a short period?

WHY has the Accident and Health Division of All American Life & Casualty Company enjoyed the most spectacular growth in the business? From the standpoint of premium income, All American now ranks among the top 125 companies.

WHY is All American Life & Casualty Company, having started writing Life Insurance in July, 1956, already producing approximately one million a week?

If you want straightforward answers to all of these questions . . . write—

E. E. BALLARD, President,

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S. Robert Rauwolf, Vice President, Dept. J

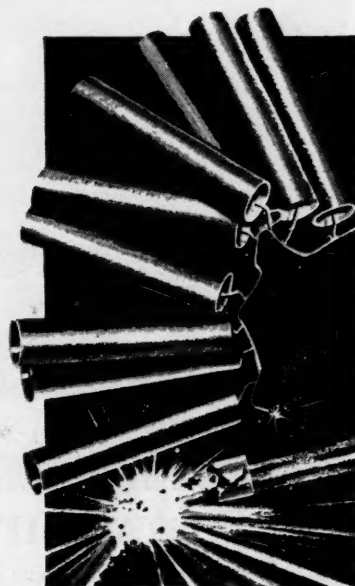
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their theory of general concurrent jurisdiction, make one attempt to grapple directly with the words of the McCarran act which are decisive in these cases—"to the extent that such business is not regulated by state law." They take the position that one who engages in conduct outlawed by a state statute providing for enforcement through an administrative process is not in fact "regulated by state law" until the statute has been actually enforced against him through formal proceedings.

#### Rejects Distinction

This suggestion, which will be discussed in more detail later in our argument, must fail because it requires the acceptance of a distinction—between permissive and prohibitory legislation—which is nowhere remotely suggested in the McCarran act; because it demands a reading of the act which does violence to its words; and because it cuts strongly against the fact, conceded by commission counsel, that Congress in passing the McCarran act intended that state rather than federal policy should control in the regulation of the insurance business. It

requires the words "regulated by state law" in the proviso to section 2(b) to be read as if they in fact said, "subject to a formal administrative determination arrived at in a state proceeding." There is no basis for thus substantially rewriting the words which Congress used to express its intention.

Another basic difficulty with counsel's interpretation is that it is nowhere explained why, if the statute means what counsel would have it mean, Federal Trade Commission jurisdiction is ousted only in the event of a formal state administrative determination, made prior to the exercise of that jurisdiction, that particular advertising does not violate state law. Necessarily advertising which has been formally challenged and found illegal is even more "regulated" than advertising which has been formally approved. Yet counsel urge that the McCarran act basically contemplates a concurrency of state and federal jurisdiction, with the latter being ousted only in the event of direct, open, and unmistakable conflict. Under these circumstances, counsel's single attempt to come to grips with the

relevant statutory language results in a contradiction, rather than a justification of their basic theory.

II. THE LEGISLATIVE HISTORY OF THE McCARRAN ACT SHOWS THAT CONGRESS INTENDED THAT FEDERAL TRADE COMMISSION JURISDICTION SHOULD EXIST ONLY IN THE ABSENCE OF STATE LEGISLATION.

#### FTC Act Does Not Apply

We have pointed out that the words of section 2(b) of the McCarran act, read without the assistance of any extrinsic aids to construction, plainly provide that the FTC act is not to apply to the business of insurance to the extent that the business is regulated by state law. The legislative history confirms the plain meaning of the words of the statute. It may be briefly summarized.

The proviso to section 2(b) was not contained in the bills as first passed by the House of Representatives and the Senate. Those bills simply provided without qualification that nothing contained in the FTC act should apply to the business of insurance (91 Cong. Rec., Part 1, p. 1085). The committee reports on those bills therefore throw no direct light on the meaning of the proviso to section 2(b).

#### Proviso Clarified FTC Act

The proviso was added to the bill in the conference that took place between the two houses. Neither the conference report nor the statement that accompanied the report to the House of Representatives (id. pp. 1357, 1396) contained any comment on the new proviso to section 2(b). In the House of Representatives the conference report was approved without debate (id. pp. 1395-1396). In the Senate, however, the proviso to section 2(b) was discussed prior to approval of the conference report, and the statements made in the course of that discussion make it abundantly clear that the proviso was understood as meaning that the FTC act and the other statutes enumerated in the proviso to section 2(b) should not apply to the business of insurance to the extent that the states had enacted legislation for its regulation.

At the very beginning of the consideration of the conference report in the Senate the following colloquy took place (91 Cong. Rec., Part 2, p. 1442):

"MR. MURDOCK. As I understand the conference report which is now before the Senate, it provides for a three-year moratorium, which is fixed as ending on Jan. 1, 1948, against the invoking of the Sherman act and the Clayton act, and it provides that they shall again be in force after that period without any affirmative action on the part of the Congress, except as regulatory matters have been enacted by the states relating to subjects covered by those acts.—

#### Stresses Moratorium

"MR. McCARRAN. During the moratorium. Regulatory acts must be enacted by the several states in each of the several states. Otherwise the anti-trust acts become effective after Jan. 1, 1948.

"MR. MURDOCK. But it is not the purpose of the bill and does not the bill accomplish this—

"MR. McCARRAN. It accomplishes a moratorium for three years against the operation of the acts mentioned, namely, the Sherman anti-trust act, the Clayton act, the FTC act, as amended, and the Robinson-Patman anti-discrimination act.

"MR. MURDOCK. So that during the moratorium it is intended, is it not, that the states shall affirmatively step

into the regulation of the insurance business?

"MR. McCARRAN. That is correct.

"MR. MURDOCK. And it is intended that on the expiration of the moratorium the Sherman act, the Clayton act, and the other acts mentioned will again become effective except—

"MR. McCARRAN. Except as the states themselves have provided regulations."

#### State Legislation Gives State Control

This colloquy can only mean that the enactment of legislation by any state—whether that legislation be consistent or inconsistent with the enumerated federal statutes—would *ipso facto* displace federal jurisdiction under these statutes as to the subject matter covered by the state regulatory legislation.

Shortly thereafter, Sen. Pepper read to the Senate the complete text of section 2, stating that he was "a little disturbed" by what he discovered in paragraph (b) of section 2. The following colloquy then ensued (id. p. 1443):

"MR. PEPPER. Does that mean that after Jan. 1, 1948, the states may determine whether or not the Sherman and other acts become applicable to the business of insurance?

"MR. McCARRAN. The answer to that question is 'Yes'. During the three-year moratorium the states may, if they see fit to do so, enact legislation for the purpose of regulation. If they do enact such legislation, to the extent that they regulate they will have taken the business of insurance in the respective states out from under the Sherman anti-trust act, the Clayton act, and the other acts. If during the moratorium the states do not enact legislation for regulatory purposes, then on Jan. 1, 1948, the Sherman act, the Clayton act, and the other acts will become immediately applicable.

"MR. PEPPER. Apparently the conference report goes further than I had understood it to go. It does not stop with a moratorium at the end of three years. At the end of three years the moratorium would continue if in the meantime a state had regulated the business to any extent whatever. That would defeat the Supreme Court decision.

"MR. McCARRAN. The moratorium would not be continued, but if in the meantime the states themselves had regulated the business of insurance, the Sherman and Clayton acts and the other acts would not become effective."

#### Divides Legislation And Regulation

Petitioner suggests that a part of this passage "would seem to give affirmative support to the government's position" (Pet. Br., p. 58). Counsel asserts that when Sen. McCarran said "If they do enact such legislation to the extent that they regulate, etc." . . . he was distinguishing between "legislation" and "regulation" and that his statement therefore supports the inference that he meant that the enactment of legislation is insufficient and the proviso requires that a state actually enforce its legislation against particular transactions (id. pp. 58-59).

The language of Sen. McCarran provides no rational basis for this inference. In context the words "to the extent that they regulate" simply mean that unless the states have legislated as to subject matter covered by the named federal statutes, then those statutes will apply. It is also clear that in his discussion of the legislation Sen. McCarran used the words "legislation" and "regulate" as meaning the same thing. In the very pas-



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sage to which the petitioner refers, Sen. McCarran explicitly stated that the applicability after the expiration of the moratorium of the statutes enumerated in the proviso would depend upon the failure of the states to "enact legislation," and a few minutes earlier he had said that "regulatory acts must be enacted by the several states in each of the several states. Otherwise the anti-trust acts become effective after Jan. 1, 1948".

Sen. Ferguson thereafter confirmed the previous answer of Sen. McCarran in these words (91 Cong. Rec., Part 2, p. 1443):

"MR. FERGUSON. After the moratorium has expired, if a state has not legislated on the subjects covered by the three acts to which reference has been made, those acts shall be applicable to the business of insurance. But insofar as the state is concerned which has specifically legislated on the subject, the three acts shall not apply." (Emphasis added.)

#### Not Concurrent Jurisdiction

This is not the language of concurrent jurisdiction. It would be difficult to express in plainer terms the statutory intent, that when the states have legislated the application of the three acts ceases in toto.

Even more plainly contradicting the petitioner's suggestion that Congress intended that only state law explicitly sanctioning false advertising should oust commission jurisdiction are two exchanges which took place between Sen. McCarran and Sen. Pepper during the debate in the Senate. Sen. Pepper, attacking the proviso to section 2(b), stated (id. p. 1444):

"The legal effect of the proviso which the Senator has just read is that a state can absolutely prevent the applicability of the Sherman antitrust act and the Clayton act to insurance companies doing business in the state by passing a state act which will make combinations and restraints of trade unlawful in that state. As a practical matter, we know that the states cannot and will not enforce these laws against the insurance companies." (Emphasis added.)

#### Federal Acts Apply In Some Areas

Sen. McCarran, who was engaged in explaining the proviso to the Senate, said nothing to contradict the interpretation thus offered, but contented himself with concurring with a statement by Sen. White that the federal acts would continue to apply in areas not reached by state legislation.

In the next day's debate Sen. Pepper again stated his understanding of the proviso to be that (id. p. 1478):

"For all future time the Sherman act, the Clayton act, and the FTC act shall not apply to the business of insurance except in a state which has not regulated the insurance business or to the extent a state has not denied the effect of such federal acts.

"Mr. President, if that language had contained the limitation that the state regulation, in order to be valid, must not be inconsistent with the Clayton act, or the Sherman act, I should have no objection to it."

Again Sen. McCarran took no exception to the accuracy of Sen. Pepper's interpretation, merely responding that "the Congress of the United States would not attempt to tell a state how and upon what subject it should legislate" (id. p. 1479).

In its discussion of the legislative history petitioner relies heavily upon certain remarks of Sen. Ferguson to the effect that state regulation contrary to the Sherman, Clayton, or FTC act would, except in the instances set

forth in section 3(b), control (Pet. Br. p. 59). We fully agree that the passages cited are, as far as they go, an accurate description of the effect of the McCarran act. Petitioner, however, seeks to draw from them the negative inference that it was the intention of the proviso to section 2(b) that state legislation consistent with the acts there cited would not oust federal jurisdiction.

This reasoning will not bear examination. The passages to which petitioner refers appear in a debate in which Sen. Ferguson was not abstractly expounding the meaning of the proviso, but was rather responding directly to a question by Sen. Pepper expressly limited to the effect of the proviso when state regulatory statutes conflicted with the statutes there enumerated. Under these circumstances, a discussion of the inapplicability of the federal legislation in the face of consistent state legislation would have been simply unresponsive. The fact that Sen. Ferguson did not here refer to this aspect of the proviso's effect thus provides no basis for the inference which petitioner seeks to draw.

#### Refers To Senate Colloquy

Counsel for the commission also point to a colloquy on the Senate floor between Senators O'Mahoney and Pepper (Pet. Br., pp. 60-61). It is not altogether clear in what respect this colloquy is believed to support counsel's position. The statements by Sen. O'Mahoney particularly relied upon, to the effect that "state regulation must be for the state and not for the United States" and that "nothing in the proposed law would authorize a state to try to regulate for other states" appear to be merely a recognition that there are jurisdictional limits upon regulation by a state of activities which do not impinge upon its borders, and as to which it has no legitimate local interest.

These statements are entirely consistent with the express statements made in the Senate which have been quoted at pages 28-33, supra, to the effect that when a state has legislated as to insurance activities affecting it, the FTC act and the other statutes named in the proviso to section 2(b) are not to apply as to that state. The entire colloquy shows that Sen. O'Mahoney's statements were not intended to suggest any doubt about the capacity of a state to regulate insurance transactions in which the state has a legitimate interest even though the regulation might apply to transactions in interstate commerce. See particularly the exchange between Senators Pepper and Ferguson with respect to the activities of rate-making bureaus at 91 Cong. Rec. Part 2, p. 1484.

Finally, petitioner devotes considerable attention to statements made on the floor of the House during a debate which took place before the proviso was added to section 2(b) in conference. These statements are said to indicate a "desire to continue the application of the FTC act to false advertising of insurance" (Pet. Br., pp. 62-64). The difficulty with this reasoning is that the remarks referred to were made a time when the draft act contained a provision flatly exempting the business of insurance from the FTC act, whether or not the states had regulated the same subject matter.

Under these circumstances, it is not surprising that concern was expressed over the possibility that various unfair practices in the insurance industry would not be interdicted by either state or federal law. The elimination of this exemptive provision and the ad-

dition of the proviso were directly responsive to this concern, since by the terms of the proviso federal law continues to apply unless displaced by state legislation.

The notion that the proviso to section 2(b) requires something more than the enactment of legislation by the states, or that the application of the proviso depends in any way upon the diligence of the enforcement efforts made by the states under their legislation, is flatly inconsistent with statements made in the Senate when the proviso was under consideration. For example, Sen. Barkley, shortly before the Senate voted on the bill, stated (91 Cong. Rec. Part 2, p. 1488):

"I have been somewhat disturbed by the provision in subsection (b) of section 2 of the conference report. However, I think that under the interpretation given it by the conferees my doubts have been resolved, and I intend to vote for approval of the conference report. But I wish it to be understood that in voting for approval of the conference report I am accepting the interpretation placed upon it by the conferees, namely, that if any state, through its legislature, under-

takes to go through the form of regulation merely in order to put insurance companies within that state on an island of safety from congressional regulation, that effort will be futile, and not only can Congress deal with any phase of the insurance business not dealt with by a state legislature, but even in a case in which a state legislature deals with any phase of it, but does not deal with it adequately in the opinion of Congress. Congress is not in any way barred by the conference report from dealing with that subject and with the phase of it which Congress deems to have been inadequately dealt with by the state; so that hereafter we can enact such legislation as we may deem proper and wise to have enacted in connection with the regulation of this business, which clearly is interstate commerce."

This passage is an explicit recognition of the fact that the proviso meant that the states might remove the insurance business from the ambit of the Sherman, Clayton and FTC acts by legislation covering the same ground, whether that legislation were consistent or inconsistent with the federal statutes.

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## Hold Texas Life Convention At Austin

(CONTINUED FROM PAGE 6)

to prevent the federal government having a reason for exercising control of credit life in Texas.

Robert W. Strain, newest member of the state board, spoke of three periods in the development of insurance in Texas—the pioneering period, the development of competition, and a period of instability from which it is now emerging. Mr. Strain said that 20 years ago 80% of the companies in Texas

did not exist.

Commissioner William A. Harrison stated that he is pleased with the progress the department has been making, and paid personal tribute to the state board.

Mr. Harrison stated that 13 people in his department are engaged in policy form work. He emphasized that it takes time to train policy analysts, and stated that while current forms

are being reviewed the backlog of policies which the department could not review are being used by implied approval but will be reviewed as soon as time permits. The department reviews 250 policy forms each week, one-half of which do not meet legal requirements, he said. Better service could be rendered if company officials would read the laws, he suggested.

Penn Jackson, chairman of the state board, stated that money is the great problem in the department. There is no money to hire extra personnel, he said, because money appropriated by the legislature for specific purposes

cannot be used where there are more pressing demands.

Alvin A. Burger, executive director Texas Research League, speaking of the league's work with the insurance department, stated that his organization only does research work by request and that it had studied the basic needs for reorganization of the department. He said the department has made progress but the League is still studying the department's operations.

Mr. Burger expressed the view that examination could be simplified and made more effective with fewer examiners employed in the field. The future depends upon legislation, he said, but perhaps much paper work may be eliminated.

W. Lee Shield, associate general counsel American Life Convention, discussed pending tax legislation. The tax approach of the Treasury toward insurance has been that of a general corporate tax, he said. The Treasury has promised to present a definite program, he said, but so far only stop-gap measures have been passed. He stressed that taxation of insurance is a long time business and calls for a long time study. Unity among companies on the subject of taxation is essential, he urged.

Governor Price Daniel spoke at a dinner, and Dr. Harry H. Ransom, vice-president and provost of University of Texas, was a luncheon speaker.

### Must Reduce Red Tape

The associate section of Texas Life Convention heard R. H. Hardy, secretary Fidelity Union Life, speak on work simplification and cost reduction factors. He stressed reduction of paper work to a minimum and simplification of all forms. He was followed by a film on simplification as applied to clerical operations.

Raymond James, assistant personnel manager Southwestern Life, presented a study in absenteeism and turnover, a problem greatly increasing loss to employers. He cited the loss in absenteeism alone at \$10 million per year. Studies have shown that only 50% of the absenteeism is due to sickness he said. Good management practices decrease absenteeism and turnover can be reduced by good supervision, he pointed out.

Larry Klypas, personnel assistant Southland Life, spoke on staff control. He described how his company set up organization charts in connection with a job evaluation program, and his program has shown possible reductions in the workers needed.

Chris McClellan, American Hospital & Life, speaking on combining underwriting and policy issue departments, said that the underwriting committee considers only the data on the medical and other factors while the others see that the policy is issued as soon as underwriting is completed.

Dennis Jones, supervisor tabulating department Great National Life, presented the policy loan department plan. Fred Knight, assistant vice-president Rio Grande National, Dallas, described his company's revision of policy loan procedure.

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Career underwriters who sell for Minnesota Mutual Life haven't been sitting in their offices either! They've used these tools to give us 1½ billions of insurance in force. They're the men whose guiding light is the "Star of the North." They're the men who are building a successful career with . . .



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## Public Apathy, Lack Of Data, Hold Back Dental Insurance

Absence of sufficient public demand and a lack of usable statistics from which to calculate accurate costs have hampered the development of dental insurance programs up to now, Joseph F. Follmann Jr., director of Information and Research of Health Insurance Assn. of America, told American Assn. of Industrial Dentists at their annual meeting in Atlantic City. However, the future of insurance or pre-paid plan to help cover the costs of dental care depends on the public demand, he said.

Several questions still remain unanswered, Mr. Follmann pointed out. First, does the public really desire dental insurance? Can dental insurance meet the tests of sound insurance mechanisms? In the long run, which will provide the greatest value to the American people—dental insurance, or dental care paid for by the individual through regular budgeting from earnings?

"The answers to these questions, if known," Mr. Follmann stated, "would appreciably aid in any needed development of insurance mechanisms for dental care."

### Average Cost Is \$33

While the average dental cost to the American family in one recent year was \$33, he noted, the actual cost varies with different families. In that year 44% of American families had no dental costs at all; 35% had costs ranging from \$1 to \$45; 10% had dental bills between \$45 and \$95; 6% from \$95 to \$195; and 4% exceeding \$195. Although 10% had

costs of \$95 or more, Mr. Follmann observed that there was no indication that such costs were a yearly occurrence, or of the proportion spent for luxury or cosmetic care.

Most dental insurance programs were developed after 1954, Mr. Follmann reported. Among the sponsors have been labor union welfare fund plans, cooperative plans, employee association plans, a prepaid group notice plan, two non-profit service type plans, expansion of prepayment plans to include dental costs, and various insurance company approaches. Some of these programs are apparently successful, although all are in a more or less experimental stage. Some have clearly failed.

Health Insurance Assn. of America, representing 267 insurance companies which write health cost policies, has been cooperating with the American Dental Assn. over the past year in preparing a statistical base for dental health care plans, Mr. Follmann said.

"Should it become possible to develop such statistics," he remarked, "progress toward more insurance company coverage for dental care would be appreciably aided."

## Elizur Wright Award Committee Complete

Membership of Elizur Wright award advisory committee, which makes the annual award for outstanding original contributions to the literature of insurance, has been completed, according to William Beadles, president American Assn. of University Teachers of Insurance.

Members of the committee, and their respective judging areas, are: Dr. R. I. Mehr, professor of finance University

of Illinois, committee chairman (ocean marine); William Rodda, secretary Transportation Insurance Rating Bureau (fire and inland marine); Robert A. Hedges, assistant professor of finance University of Illinois (casualty); Malvin E. Davis, vice-president and chief actuary Metropolitan Life (life); A. N. Guertin, actuary American Life Convention (A&H); and William Howard, professor of insurance, University of Florida (insurance theory). R. W. Osler, Rough Notes Co., will serve the committee as secretary.

Announcement of award is made at annual meeting of the teachers' association.

### Will Again Award Scholarships

Bankers National Life will again provide scholarships totaling \$500 to be divided equally between a girl and boy graduate of the class of 1958 at Verona high school. As in previous years, the selection of recipients of the awards will be made by the school guidance officer.

Indianapolis Life's April sales were 11% ahead of April, 1957, and sales for the first four months were 18% ahead of the same period a year ago.

## Plan Commission To Direct Activity Of Ind. Commissioner

Establishment of a state insurance commission to direct the activities of the insurance department will be recommended to the Indiana legislature by the joint legislative committee investigating hospitalization insurance in the state, Sen. J. Russell Townsend, chairman, told members of Terre Haute Life Underwriters Assn.

The commission would be made up of four members appointed by the governor for staggered terms. All would be "qualified insurance people representing the various fields of insurance," two from each political party.

"The commission would be required to meet regularly, and the members compensated on a per diem basis," he explained.

Stating that the rapid growth of the insurance business in Indiana has "outdistanced the facilities and manpower of our department as it is presently organized," Mr. Townsend called the commission idea a "modernization program."

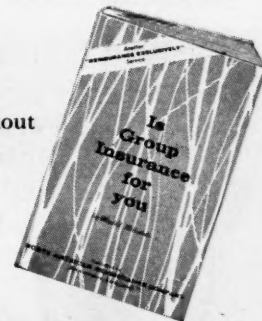
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## Is Group Insurance For You?

North American Reassurance Company is pleased to announce publication of "Is Group Insurance for You"—a new study by Wendell Milliman, well-known consultant on group insurance. If your company is interested in learning more about entry into this important field, or needs help in deciding whether or not to enlarge your present efforts—and if so, in what direction—we believe you will find this work of real value.

The author discusses the growing importance of group insurance, what it is, who writes it and who buys it. This 60 page study also deals with the marketing, administrative, underwriting and costing phases of group business, and outlines other important considerations faced by companies entering the group field.

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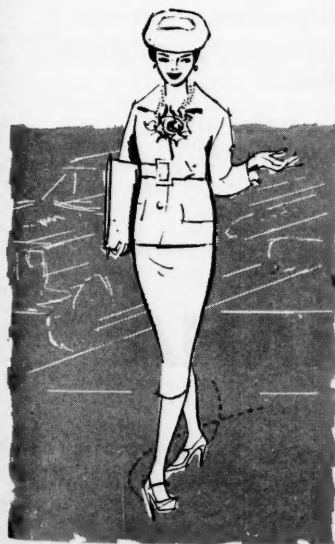
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## Progress Reported In Dealing With Doctors, Hospitals

### Panel On Teamwork Reflects Encouraging Progress In Communication

Encouraging progress in communication between insurers, doctors and hospitals, was evident in the remarks of those taking part in the panel on "Teamwork For Better Health" at the annual meeting of Health Insurance Assn. this week at Chicago. J. Henry Smith, Equitable Society, the outgoing president of HIA, was moderator. Those on the panel were Morton D. Miller, Equitable Society; F. J. L. Blasingame, general manager of American Medical Assn.; E. L. Crosby, director of American Hospital Assn., and George W. Jacobson, executive president of Group Health Mutual of St. Paul.

Mr. Miller, relating the progress of Health Insurance Council in its first 10 years or so of existence, pointed out that when it was established it marked the beginning of cooperation on the part of the insurance industry with doctors and hospitals. The council has expanded each year.

### Tells Accomplishments

Among the accomplishments of HIC, Mr. Miller said, are the annual survey of voluntary health insurance coverage in the United States; the display exhibits now in use at hospital and medical meetings; the development of hospital admission plans, which he described as one of the "finest projects"; and a plan to send out a monthly bulletin service for hospitals describing developments in the insurance business.

The admissions plan, he pointed out, has resulted in a uniform admission blank which has the acceptance of American Hospital Assn. The blanks certify benefits, provide for direct payment to the hospital and give the companies the claim information they need.

In another area of blanks or forms, there is not so much satisfaction, Mr. Miller admitted. This has to do with the attending physician claim form, which is still an irritant to many doctors even though a uniform form has been developed and is in fairly wide use and has the approval of American Medical Assn. By premium volume, about 85% of the companies in the group field use the uniform form but only about 50% of those in the individual.

The newest council activity is the setting up of hospital relations committees by states. The reception of this so far by doctors and hospitals has been good, he reported.

Dr. Crosby said it is important to coordinate the activities of those providing health facilities. He observed that as of the first of January, 1959, the United States will be unique as the only nation where the federal gov-

(CONTINUED ON PAGE 32)

New HIA officers: Dutton Stahl, Iowa State Travelers Mutual, secretary; Travis T. Wallace, Great American Reserve, president, and V.J. Skutt, Mutual Benefit H&A, vice-president.



## First National Survey Shows Wide Acceptance of Health Insurance

Two out of every five American families who are protected against the cost of illness or accident have used their health insurance in the past year to defray medical expenses, Health Insurance Institute reported in announcing the results of its national consumer survey of health insurance just completed. Seven out of ten families who have health insurance have used it at some time during the period their policies were in force, it was announced.

The study, conducted for the institute by an independent research organization, was undertaken to obtain information on what people know and think about health insurance, how they use it, and also how such factors as age, income, education and place of residence are related to health insurance coverage. The survey is the first of its kind to be undertaken on a nation-wide scale for insurance companies.

### Results Of Survey Announced

Results of the survey were announced at the annual meeting of Health Insurance Assn. of America in Chicago by Albert I. Hermalin, assistant director of the division of statistics and research of Institute of Life Insurance, who served as consultant to Health Insurance Institute on the project. Mr. Hermalin said the survey involved interviews with 2,000 families across the country, yielding information on more than 6,600 individuals.

On 53% of all claims, the survey reveals, families received payment on all or most of the medical bill, while in 20% of the cases payment was received for about three-quarters of the bill, and in 15% of the claims, one-half of the total expenses were paid.

Some 78% of the families using their health insurance expressed satisfaction with the service of the insuring organizations in paying benefits, according to the institute survey, while 4% were dissatisfied and 18% had no definite opinion.

These figures, Mr. Hermalin pointed out, are consistent with the generally favorable attitude of the population toward health insurance which is revealed by the survey. Some 81% of the people interviewed expressed a

favorable attitude toward the idea of having health insurance for themselves, while 9% were neutral in their comments and 8% were unfavorable. Of the insured families, 90% were favorable, and 55% of the families without coverage expressed a favorable attitude.

Mr. Hermalin pointed out that the pattern of attitudes on this question is almost identical for those covered by Blue Cross-Blue Shield organizations and families protected through insurance companies. Nor is there significant variation, he added, in this attitude among different income groups, or among families covered through group insurance plans and those with individual insurance policies.

### Survey Suggests Improvements

Public acceptance of health insurance is also reflected in the survey results on suggested improvements in plans or services. Some 25% of the families had suggestions to make in this regard, 16% gave no answer, and 59% said they had no suggestions for improving health insurance plans or services.

Of the families with suggestions for improving services, 25% desire more information on health insurance,

(CONTINUED ON PAGE 32)

## Plan Ad Series To Highlight Growth Of A&S

### Health Institute Program Explained To HIA Members By James Williams

A national advertising program to highlight the "dramatic growth of voluntary health insurance in the post war era" was urged by James R. Williams, vice-president of Health Insurance Institute, in his addressing before the annual meeting of Health Insurance Assn. in Chicago. He said the program would be conducted by the institute under the guidance of the HIA public relations committee.

The advertising would be institutional in nature, Mr. Williams explained, and would stress the theme "New Security for the American Family."

Financing of the campaign would be on a voluntary basis by HIA members, Mr. Williams said. The program would consist of a series of full page ads in a national consumer magazine and would be designed to "create a true image of the vital part the health insurance business plays in the social and economic fabric of the country."

"I wonder if you in the insurance business who helped write the health insurance story have been too close to it to be fully impressed by its advance and significance," Mr. Williams remarked. "You have been instrumental in bringing to the American family a new security it has never known before."

In addition to illustrating the growth of health insurance, the advertising program will underscore the fact that the record has been achieved

(CONTINUED ON PAGE 32)



J. R. Williams



J. Eugene Taylor, vice-president and actuary of National Life & Accident, with Mrs. Taylor and Mrs. Frank Harrington and Frank L. Harrington, president of Paul Revere Life and Massachusetts Protective. Mr. Harrington and Mr. Taylor are former officers of the old H. & A. Underwriters Conference.

# Lens Eye View Of HIA Annual

Photographed at the reception Monday evening of Health Insurance Assn. during the annual convention at the Drake Hotel, Chicago. Unless otherwise noted, identifications are from left to right.



John H. Lumley, Benefit Assn. of Railway Employees, Oliver F. Siegmund, General American Life, and John W. Crews, B.A.R.E.



Armand Sommer, vice-president of Continental Casualty, with Spencer Keare, president of Federal Life of Chicago, and J. C. Higdon, president of Business Men's Assurance. Mr. Sommer moderated a panel at the HIA meeting on meeting problems within the business.



Orville F. Grahame, vice-president and general counsel of Massachusetts Protective, with James E. Powell of Provident Life & Accident and Watson Powell of American Republic of Des Moines.



Christopher Cox, North American Reassurance with Mrs. Stan Marmaduke and H. Stanley Marmaduke, Atlantic Life.



Robert G. Hill of Security Mutual Life of Binghamton, N. Y., and W. B. Borgel, editor of the Accident & Sickness Review.



Public relations experts from two of the leading insurance trade associations confer in the HIA meeting—Samuel Klein of Health Insurance Institute and James Russell of American Life Convention.



Byron S. Davis, State Mutual Life, and B. K. Strong, Equitable Society, at the HIA meeting.



Ardell T. Everett of Prudential and Charles D. Scott of Great American Reserve.



George W. Lane Jr., Metropolitan Life, president of International Claim Assn., with Ralph T. Miller of Prudential and Louis A. Orsini of the HIA staff.



Commissioner Arch Northington of Tennessee (center), vice-president of National Assn of Insurance Commissioners visiting at the HIA meeting with Robert H. Rydman (left), general counsel of North American Life & Casualty, and H. P. Skogland, president of North American L. & C.

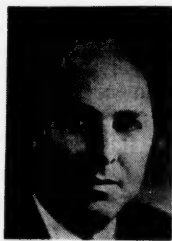


Roy A. MacDonald, managing director of LOMA and former director of company relations for HIA, visiting at the HIA meeting with L. D. Cavanaugh, chairman of Federal Life of Chicago; Robert A. McCord of Illinois Mutual L. & C. and Gerald S. Parker, Guardian Life.



## Neal Sees A&S Business Under Even More Pressures, State And Federal, In Days Ahead

The A&S insurance business will have to contend with increased pressures, both state and federal, in the days ahead, Health Insurance Assn. members were told by their general manager, Robert R. Neal, in his annual report. Addressing the HIA meeting in Chicago, Mr. Neal said events are building toward a possible review of the McCarran act by Congress.



Robert R. Neal

"Judicial considerations, investigations and hearings by congressional committees into various phases of insurance and examination of the effectiveness of state regulation appear to

be forthcoming," he declared. "There is evidence that the industry in all of its branches may again be surveyed in an all-embracing inquiry not unlike the study undertaken by the Temporary National Economic Committee in the 1930s."

The case stating the accomplishments of state regulation has not yet been presented, he pointed out. The facts have to be gathered and Congress made aware of what has been done. "No claim is made that state regulation is now or ever will be a perfect system," Mr. Neal commented, but "a dual system is completely undesirable, in our view, lest the insurance industry be the rope of a federal vs state tug of war."

He said the business is approaching "at a rapid rate" the test of whether it can prove "beyond doubt" that the voluntary system can expand to include and continue more persons, "and

thus remove those pressures for unnecessary and unwise legislation which continue to exist."

The test, he declared, lies in the solution to problems in the areas of providing and continuing coverage for physically impaired risks; of providing hospital and medical expense coverage after retirement, and of determining a satisfactory and generally acceptable solution to the continuance of coverage.

Mr. Neal's report contained a detailed resume of legislation and pending legislation affecting the A&S business, both state and federal. He said

of primary interest to insurers are plans to expand the OASI program to provide hospital, medical, surgical, dental and nursing home care to recipients and their dependents. The HIA position is that it opposes the idea of utilizing OASI as a means of providing hospital, medical etc. care... and would explore other approaches, either private or public... which might more adequately provide, with the least cost, a solution to the problem limited to those aged who actually need help in paying for medical, hospital and surgical care."

### Second Anniversary Salute to the HEALTH INSURANCE ASSOCIATION OF AMERICA and

### HEALTH INSURANCE INSTITUTE

Accomplishments over these two years fully justify our pride in the past and our confidence in the future.

PROVIDENT LIFE AND ACCIDENT  
INSURANCE COMPANY

Chattanooga

Darrell O. Smith, Central Standard Life, visiting with A. B. Hvale, Continental Casualty, and E. M. Erickson, Nationwide Mutual, at the HIA reception Monday night.



## FLASHING ahead with modern protection

Our country maintains its military leadership with advanced weapons like this rocket-firing Scorpion. Similarly, leading producers stay in front by offering the most up-to-date forms of personal protection... such as Inter-Ocean's ever-expanding line of Life, Accident and Health and Income-protection policies.

Inter-Ocean representatives are always supplied with the latest advances in underwriting practice, as well as with competitive sales ammunition.

If you are an interested broker, write today for information on the many opportunities Inter-Ocean has to offer.

PERSONAL PROTECTION SINCE 1903  
COMMERCIAL A & H • DEBIT PLANS  
ORDINARY LIFE • GROUP



**INTER-OCEAN**  
INSURANCE COMPANY  
CINCINNATI 2, OHIO

U. S. Air Force Official Photograph

## Plan Ad Series To Highlight A&S Growth

(CONTINUED FROM PAGE 29)

through free and competitive enterprise. Subsequent ads will describe the specific types of coverages available to help pay the cost of illness and accident.

Pointing out that health insurance, within a few years, has "established a relationship with nearly 75% of the families in the U. S.," Mr. Williams said two out of five families have had

to use their health insurance in the past year. "This means that nearly 40% of the families looked to the health insurance business for financial assistance, and at a time of emotional stress."

Mr. Williams said the public relations committee of HIA is recommending a budget of \$300,000, for advertising in the *Saturday Evening Post*. He explained that an effective television program for a year would cost \$2½ million, radio would cost \$1½ million and newspapers about 1½ million. Magazine advertising was selected partly for reasons of budget, he admitted, but he noted that magazines have mass coverage, executive coverage, national circulation in both urban and rural areas, and are read by families with children—an important factor in selling health insurance.

There is an almost "eager desire" on the part of the public for more information about health insurance, Mr. Williams declared. It was in recognition of this that Health Insurance Institute was established two years ago, to be the central source of information in fostering "better public understanding and appreciation of health insurance policies and services offered by insurance companies."

### Will Strengthen Public Confidence

The proposed advertising program will "strengthen public confidence in health insurance," he said. "It provides the business with an opportunity to state its philosophy with drama and impact. Above all, the business will be strengthening its own institutional and company public relations programs by

demonstrating its acceptance of its responsibilities for continuing to provide the public with soundly conceived health insurance through voluntary means."

Mr. Williams' explanation was accompanied by slide films which showed the layout and illustrations of the proposed advertising program. H. Clay Johnson, Royal-Globe, chairman of the public relations committee, said the program had been in the works for a year. The committee decided to use the voluntary subscription method to pay for the advertising in the same manner as done by Institute of Life Insurance, and Mr. Johnson called on Holgar Johnson, president of the institute, to comment on the voluntary subscription idea.

Holgar Johnson said that "any public information program, even though voluntary in character, implies enough support to make it effective." He remarked that this makes the support of such a program a good deal contingent on the belief in its message. The Institute of Life Insurance has 85% of the companies supporting its advertising, he added.

Travis T. Wallace said the directors of HIA had adopted a resolution the day before recommending the advertising program. He said it would be helpful if the membership would endorse the resolution. The suggestion was seconded by E. J. Faulkner of Woodmen Accident & Life, and it carried unanimously.

## National Survey Reveals Health Ins. Acceptance

(CONTINUED FROM PAGE 29)

while 20% wanted more benefits in terms of dollars or number of days, and 14% suggested lower premium costs. The responses were found to vary little by type of insuring organization.

"It would seem to be significant," Mr. Hermalin stated, "that the most frequently made suggestion expressed a desire for more information rather than a concern about prices, benefits, services, cancellation, claim service and the like. It indicates again the generally favorable feeling people have toward health insurance."

Mr. Hermalin said the survey indicates that the public does not perceive any essential difference between the health insurance provided by insurance companies and that offered by Blue Cross-Blue Shield plans. This is suggested, he added, by the fact that families who have Blue Cross-Blue Shield coverage, and those with insurance company policies, "tend to regard health insurance in almost identical ways."

Turning to the extent of coverage, Mr. Hermalin reported that survey figures are consistent with previously published data showing that nearly three out of four American families have some form of health insurance. In 73% of all families, there is some health insurance coverage and in 60% of all families every family member is protected. In 27% of families, no one is insured, the survey points out. It further reveals that men, women and children are covered with virtually the same frequency, with 69% of the men insured, 67% of the women and 66% of the children under eighteen so protected.

In the selection of families to be interviewed, the survey, conducted for the Health Insurance Institute by National Analysts of Philadelphia, followed a method similar to that used by the U. S. Bureau of the Census in its sample interview surveys.

## We are Proud to ANNOUNCE Our Entrance into the LIFE INSURANCE BUSINESS

and our change of name to

### ILLINOIS MUTUAL LIFE AND CASUALTY COMPANY

#### INVESTIGATE OUR:

Complete Line of Loss of Time, Hospital and Major Medical Policies written on a Commercial or Guaranteed Renewable Basis. Key Man and other Specialty Plans Available.

AND  
NOW

#### INVESTIGATE OUR:

INDIVIDUAL AND GROUP LIFE INSURANCE PLANS. Inquire about our Direct Contract or brokerage arrangement High Commission rate —1st Premium and Renewals!



President E. A. McCord

**ILLINOIS MUTUAL**  
*Life and Casualty Company*  
NON-ASSESSABLE

E. A. McCord, President

FORMERLY ILLINOIS  
MUTUAL CASUALTY COMPANY  
"Dependable Insurance Since 1910"

HOME OFFICE  
411 Liberty  
Peoria, Illinois

## UNITED INSURANCE COMPANY OF AMERICA

The Fastest Growing Company of Its Kind in America.

LIFE  
ACCIDENT AND HEALTH  
HOSPITALIZATION

A  
PHENOMENAL  
RECORD

1957 INCOME \$68,663,782	1957 Life Insurance In Force \$645,036,963
1956 INCOME \$60,647,474	1956 Life Insurance In Force \$517,513,247
1955 INCOME \$53,209,252	1955 Life Insurance In Force \$480,492,046
1954 INCOME \$44,767,528	1954 Life Insurance In Force \$432,782,517
1953 INCOME \$38,390,145	1953 Life Insurance In Force \$357,303,971
1952 INCOME \$31,703,234	1952 Life Insurance In Force \$327,665,782

UNITED HAS MORE THAN DOUBLED ITS ANNUAL INCOME DURING THE LAST FIVE YEARS  
AND HAS PRACTICALLY DOUBLED ITS LIFE INSURANCE IN FORCE

## UNITE with UNITED

1313 SOUTH MICHIGAN AVENUE

CHICAGO 5, ILLINOIS



## HIA President Warns Of Rough Seas Ahead In Legislative Field

Two legislative crises, one concerned with state governments, and the other



J. Henry Smith

on the federal level, will face the health insurance business in the immediate future, J. Henry Smith, Equitable Society, president of Health Insurance Assn., predicted at the HIA annual meeting. The more urgent crisis, he said, will be the introduction of bills in state legislatures dealing with the renewability of individual insurance policies and allied problems. Passage of recent health insurance legislation in New York State, Mr. Smith observed, has increased the possibility of similar proposals in many other states.

He told the company executives the problem "does not arise simply out of the desire of politicians to bedevil the business, nor merely out of their desire to capitalize on a demagogic issue," but underneath there is a serious social problem."

Agreeing that time and competition could resolve this problem fully to the satisfaction of the public, Mr. Smith declared that these factors were

not enough. He called for HIA to undertake extensive analysis of the problem and to do everything it could to bring about the best possible solution.

The proposal to extend further the government's OASI program into the field of health, represents the crisis at the federal level, Mr. Smith asserted. Though he said he felt final action would not occur during this session of Congress, Mr. Smith opined there is a strong test of this proposal in the offing. The health insurance business, he declared, should be prepared to take its case to the people, "in order to take advantage of what I believe will be a favorable opinion among the general public in opposition to the socialization of our economy."

### Cites Growth And Progress

He went on to cite a number of developments in the past year, which he said indicate growth and progress of the association. New applicants for membership, he said, are required to accept the HIA code of ethical practices, and like older members are expected to live by it in letter and spirit.

Reporting on the growth in membership, he emphasized that the number of companies has increased, "but more importantly, the names that have been added represent firms of high prestige and accomplishments in our business. We have felt that on the one hand their applications constituted votes of confidence in the conduct of the association to date, and that on the other hand, the moral, financial and personnel assistance these companies provide will help immensely to assure the successful future of our organization."



F. J. Huch, North American Life, J. M. Wickman, Mutual of New York, and Allan K. Archer, Great-West Life, at the HIA reception Monday night.

1883 - Seventy-fifth Anniversary - 1958

Personal Accident, Sickness and  
Hospital & Surgical Insurance  
for Preferred-risk Men and Women

**The Commercial Travelers**  
MUTUAL ACCIDENT ASSOCIATION

Edward Trevvett, Secretary-Treasurer

Utica, N. Y.

## A COMPLETE LINE OF ACCIDENT & HEALTH INSURANCE

### Individual

1. Commercial Accident and Health
2. Individual and Family Major Medical Expense
3. Hospital-Surgical Expense
4. Trip Travel

### Group

1. Travel Accident
2. Key Man
3. Small Group (5-24 employees)
4. Employer-Employee
5. Sports Accident
6. Students
7. New York State DBL

One more reason that Royal-Globe  
is proud to say:

**"TOPS IN EVERY SERVICE"**



CASUALTY • FIRE • MARINE • SURETY

150 WILLIAM ST., NEW YORK 38, N. Y.

ROYAL INSURANCE COMPANY, LTD. • THE LIVERPOOL & LONDON & GLOBE INSURANCE COMPANY LTD.  
ROYAL INDEMNITY COMPANY • GLOBE INDEMNITY COMPANY • QUEEN INSURANCE COMPANY OF AMERICA  
NEWARK INSURANCE COMPANY • STAR INSURANCE COMPANY OF AMERICA • AMERICAN AND FOREIGN  
INSURANCE COMPANY • THE BRITISH & FOREIGN MARINE INSURANCE COMPANY LTD. • THAMES  
& MERSEY MARINE INSURANCE COMPANY, LTD. • VIRGINIA FIRE & MARINE INSURANCE COMPANY

# FORWARD

with PAUL REVERE

At Paul Revere FORWARD symbolizes much . . . growth . . . attitude . . . spirit . . . a feeling of teamwork. For Paul Revere field underwriters enjoy the full support of a broad and well-integrated recognition and service program . . . a program designed to further their individual success:

- competitive policy plans; outstanding claim service
- progressive coordinated training
- modern, practical promotion program
- prestige-building production clubs; rewarding sales conferences

. . . only a few of the reasons why career underwriters are attracted to Paul Revere as a company interested in their personal progress.

**The PAUL REVERE**  
Life Insurance Company  
WORCESTER • MASSACHUSETTS

Non-cancellable Accident and Sickness • Hospitalization • Life • Group

## We Salute

## THE HEALTH INSURANCE ASSOCIATION OF AMERICA

and we are proud to be charter members of this Association which is dedicated to assisting the Insurance Industry provide adequate coverage to meet the needs of the American Public.

### In This Spirit . . .

Empire is meeting the public need by offering a brand new line of Guaranteed Renewable Accident, Accident and Sickness, Hospital, as well as true Group and Association policies.

**Empire State Mutual Life Insurance Company**  
Jamestown, N. Y.

Morgan O. Doolittle  
President

Douglas S. Felt  
Agency Vice President

## HIA Hears What The Customer Thinks Of A&S Insurance

The tremendous progress made in A&S insurance in the last few years does not exempt the business from criticism or suggestions for improvement, a four-man panel agreed in describing to members of Health Insurance Assn. at its annual meeting in Chicago what the customer thinks of health insurance. Taking part were George Bugbee, president of Health Information Foundation, New York; Walter Seidel, director of personnel of Signode Steel Strapping Co., Chicago; Dr. Davis Gregg, president American College of Life Underwriters and professor of insurance at the University of Pennsylvania, and K. A. Carney, executive vice-chairman of Assn. of American Railroads. H. Clay Johnson, Royal-Globe group, chairman of the HIA public relations committee, was moderator.

### Public Needs Insurance Education

All the speakers complimented the business on its recent achievements, but all commented that there is a good deal to be done in educating the public on the uses of A&S insurance. Of all insurance lines, A&S is the least understood, the speakers said, and they indicated they thought the job of explaining and educating is chiefly the responsibility of the companies.

The vitality of the private health insurance movement is an indication that even more progress can be expected, Mr. Bugbee declared. He defined the job of health cover to allow the purchase of good medical care and to provide safety from financial catastrophe. However, he said, it becomes part of the responsibility of insurers

to see that their coverage does not result in inflation in the use of medical services unduly or cause inflation in unit costs.

The assumption by government of health care responsibility, as is the case in every large nation except the United States, Mr. Bugbee remarked, removes the incentives for improved service. Research being conducted in this country, he said, has already produced more knowledge of the social and economic dimensions of health problems than the British had at the time they enacted their socialization plan. "We know much more about the way Americans use and pay for medical and hospital care, drugs, and health insurance. If we use this knowledge to chart our course, plus the information to be gained from the experiences of foreign systems, we may be sure that our traditional freedom will be justified."

### Must Define Over-Use

Mr. Bugbee said the greatest need for additional research is in defining how much increased use by the insured population represents needed care and how much is over-use. A corollary objective is to determine that current hospital charges and physicians' fees are justified as they are represented to those having insurance.

The three Cs that are of paramount importance in buying A&S insurance are cost, claims handling and coverage, Mr. Seidel said.

In today's market cost may be a very important item to a company and its employees, he noted. The buyer wants to know whether he is getting the best possible value for the money. Today's market in health insurance, he said, is like the market in many other lines—it is a buyer's market. People—and companies—can be selective, "and considering rising costs on every side, they have to be."

A small minority of insurance sales-

Pictured at Monday's reception during the HIA annual meeting in Chicago are E. A. McCord, president of Illinois Mutual L. & C., with E. H. O'Connor, managing director of Insurance Economics Society, and Paul W. Watt, president of Washington National. Mr. Watt is president of the Economics Society and Mr. McCord is a past president.



57

## Years of Service to Clergymen

**LIFE-HEALTH-ACCIDENT AND  
HOSPITAL INSURANCE**

**The Ministers Life and Casualty Union**

**MUTUAL LEGAL RESERVE INSURANCE**

MINNEAPOLIS

O. R. TRIPP, President

TORONTO



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men have tried to sell programs that would put something over on the buyer, Mr. Seidel said, but he added: "Thank goodness, the FTC directive against fly-by-night companies and unethical practices has resulted in better selling, more honest selling, based on real facts and figures, on real benefits, on what we get and what we don't get."

"If I buy a program, Mr. Seidel added, "I also am interested in knowing that you will do what you promise to do . . . I know that many of your companies have a major medical plan . . . However, I know that some of your eager-beaver salesmen are selling the idea that major medical is all one needs and this I sincerely believe does a disservice to the member even though it pays a big portion of a great bill."

Mr. Gregg said the last decade has been one of new concepts, new companies and new contracts developing at an amazing pace in the A&S field, but he commented that a few friendly brickbats might be of more benefit than bouquets.

#### Criticizes A&S Terminology

His criticisms were of A&S insurance terminology and advertising. There is considerable public misunderstanding of the A&S business, Mr. Gregg said, and as much or more apathy about it. Confusing insurance terms keep the public at arm's length and actually encourage confusion, he suggested. He mentioned that the business itself does not know whether to call its product A&S, A&H, S&A disability, or health insurance.

One worthwhile project might be for HIA to work with educators in developing standard terminology for the business, Mr. Gregg said.

Commenting that there is almost a complete lack of literature and educational courses on A&S insurance, Mr. Gregg pointed out that the public understanding of the business has to come from company advertising, from institutional public information activities, and from contact with agents. Ignorance of the public about the business leads to a disinclination to think about coverage in depth. The public, he noted, wants first dollar coverage but doesn't express concern with long-term disability and its consequences.

#### Interest Due To Agents

There is no such lack of interest in personal programs in depth in the life insurance field, he remarked, and this is due to the job the life agents have done. With clarified language, promises in relation to benefits, and an aggressive agency force, he said, the same job can be done in the A&S line.

There is danger that A&S insurance advertising techniques, "while not misleading, may appeal to the wrong sense of values of many if not a substantial number of people," Mr. Carney warned.

In situations of this kind, he added, dissatisfaction develops, "and aside from the condemnation of the company or agent writing the risk, the individual or his doctor frequently feels justified in resorting to questionable practices to achieve their desires."

The American public, Mr. Carney observed, is one of the most claims-minded in the world, and "it is generally recognized that our moral standards, particularly as they concern money due or thought to be due from insurance companies or other corporations are being relaxed as time goes on."

## Tenn. Commissioner Stresses Value Of State Regulation

The public interest can be served better through state regulation of health insurance than through a federal system, declared Tennessee Commissioner Arch E. Northington in his address before the annual meeting of Health Insurance Assn. in Chicago.

State governments are closer to the people, and are able thereby to serve the needs of the people better, he declared. "The federal government," added Mr. Northington, "has become a vast and sprawling empire, many areas of which are far removed from the people it is supposed to represent. Though it is 'his' government, the citizen often feels so distant from it that he can do little or nothing about it."

Insurance is a personal transaction, "and to function at its best, there should be close proximity between those who buy and those who regulate," he averred. The business, he emphasized, has attained its present stature and acceptance only because it had the opportunity to develop in an atmosphere of freedom. "We must keep it free if it is to continue to develop."

#### Lauds Health Insurance

Commissioner Northington lauded the health insurance business for striving to fulfill its responsibilities. Broader health coverages, simplification of important policy forms, and improved effectiveness of public supervision, he said, have resulted in better and better public service. Sharpened competition has brought the business to the point where "the public manners of insurance were never better."

However, he pointed out, the business has also the responsibility to keep the public informed on developments and events in the financing of health care. Mr. Northington stressed the importance of a clearer public understanding of health insurance.

"Public good will is not necessarily a permanent asset," he concluded. "The right to it must be demonstrated anew each day, and in the highest possible ratio of each day's dealings with individual people."

# BIG

American Progressive's  
popular low-cost

## SCHOOL CHILD ACCIDENT POLICY

(issued through school system)

PAYS BENEFITS OF UP TO

**\$3,000**

For All Medical Expense  
(Even Dental Treatment\*)  
For Each Accident

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For it means we—the National Casualty Company—are celebrating another birthday, too. Our own—and, by gum, now we're 54!

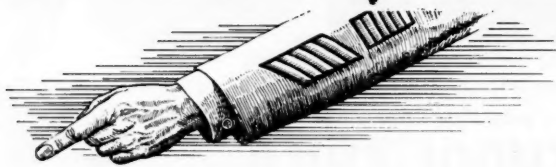
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## "Problem" Panel Covers Range From Canadian Compulsory To Forand Bill

Even though its moderator claimed all the subjects planned for the panel on "Meeting Problems Within the Business" had been used up by previous speakers, more than an hour of worthwhile information and opinions were offered members of Health Insurance Assn. at their annual meeting in Chicago by the group headed by Armand Sommer of Continental Casualty.

Mr. Sommer's panelists were Leslie P. Hemry, American Mutual Liability; H. Lewis Rietz, Great Southern Life; Ardell T. Everett, Prudential; Stefan Hansen, Great-West Life, and Gerald Parker, Guardian Life.

The elaborate report made by the HIA staff the first afternoon, a report on the survey of public attitudes toward A&S insurance, and the address of W. Sheffield Owen of Life of Georgia just preceding the panel discussion, did take the wind out of the sails of this group to some extent, but a nice recovery was made with a discussion of compulsory hospital insurance in Canada, questions on terminations and cancellations, some remarks on the Metcalf bill in New York, and some suggestions on how to combat the Forand bill.

### Describes Canadian Situation

Mr. Hansen was called upon to tell something about the Canadian situation, and he described the existing hospital plans in British Columbia and Saskatchewan. Now there is a government bill to subsidize provincial hospital insurance laws, effective July 1. It has had the effect of encouraging provinces lacking such insurance laws to enact them in order to get on the government gravy train. Ontario and Manitoba have already enacted laws, Mr. Hansen said, and New Brunswick and Nova Scotia are in the process of doing so. Action is expected in Alberta and the one question mark is Quebec, which the speaker said is only slightly doubtful.

### Private Hospital Insurance Ending

This means that by the end of the year there will be virtually no private hospital insurance in Canada—it will almost all be compulsory and state operated.

Mr. Hansen warned that something like this could happen in the United States, and the most likely mode of entry would be that of creeping socialism. The philosophy of divide and conquer might prevail: That is, the attack would be against hospitals in order to set the potent American

Medical Assn at rest. It might be proposed to have Blue Cross administer such a plan in the states or on the federal level in order to solve the Blue Cross financial problem.

Mr. Hansen hastened to add, however, that he did not believe such a development will occur because it is becoming more evident that people do not want this sort of thing. He emphasized that no government has introduced such a plan and survived the election which followed its introduction.

He pointed out also that the British Columbia plan has lost money each year and has had to levy a 5% sales tax to pay the deficit. The hospitalization plan now amounts to 23% of the provincial budget, more than roads or education. In Saskatchewan, if the head of the family doesn't buy the government coverage and then has to go to the hospital, he is required to pay five years in back premiums and then the hospital bill he incurs.

Mr. Hemry was asked about the future of Blue Cross. He said he believes Blue Cross is becoming aware of the need to apply insurance principles. The plans have had to make use of personnel interested more in a career and a job than in a social cause, and in time this will produce even more adjustment to the insurance business which Blue Cross actually engages in.

He said Blue Cross will undoubtedly retain some of its unique characteristics, but he believes the private insurers and the Blue Cross will get together to combat such common problems as government encroachment in the insurance business.

### Trend To Non-Can

Mr. Sommer said it has become almost immoral to terminate commercial coverages. There seems to be a trend to replace commercial with non-can, but he thinks there is still a market for commercial. Mr. Rietz was asked to comment on this, and he said the panel of consumers discussing health insurance at an earlier session had stressed how much more flexibility the voluntary approach offers. To accept the voluntary system, Mr. Rietz remarked, means to have a choice in types of coverage, and there are advantages in rates, for example, in commercial that will keep it on the market.

The public is still in need of education of the differences between commercial and non-can, he said, but he

(CONTINUED ON PAGE 37)

Mrs. Wallace and Travis T. Wallace, president of Great American Reserve and newly elected president of Health Insurance Assn.



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emphasized the political over-tones of the situation have run far ahead of public thinking.

Mr. Parker, who was one of those most responsible for making the Metcalf bill far less undesirable than it stood originally, was asked by Mr. Sommer to give some slants on it.

There were two main streams of thought behind the Metcalf bill, Mr. Parker said—coverage of the aged and permanent coverage for those already insured.

#### Buyers Should Have Free Choice

The fight on lifetime coverage was won by the insurers, Mr. Parker remarked, on the basis that the buyers should be allowed to have a free choice of both rates and length of coverage. This answer is not satisfactory to the governor and the social workers in New York, Mr. Parker declared, and a lot of attention will have to be given to lifetime coverage.

On cancellations, he said if the industry had been able to keep cancellations within bounds acceptable to the public, there would have been no problem to begin with. The idea of a unilateral right of termination has been under attack, and if the companies are to retain that right, they will have to give up the practice of underwriting at the time of claim and limit themselves to practices which can be defended and are pretty much confined to cancelling those who abuse their coverage.

#### Oldsters Would Favor Forand Bill

Mr. Everett, discussing the Forand bill, said it will have the sympathy of older people. The best method of attack, he suggested, will be to prove that any form of government subsidy is bad, that it produces poor service, lack of research and minimum benefits.

One way of handling the problem might be to isolate the present group of aged and indigent and treat them on the local and state level, while going after the upcoming over 65 population via group insurance by continuing coverage on those now insured.

The bad examples of Canada and other countries that have tried compulsory and such like programs may be used to put a little scare into the public and the politicians, Mr. Everett said. There will have to be a wide open battle on the matter, he averred.

#### HIA Estimate Of Forand Bill Cost Is 200% That Of Department Of HEW

Insurance companies estimate the cost of the additional hospital and medical benefits for OASI as proposed in the Forand bill will be 200% more than the estimate of the Department of Health, Education & Welfare. The data was developed by a special subcommittee of the actuarial and statistical committee of Health Insurance Assn. at the request of HEW. Figures were compiled of hospital and surgical utilization experience by age and sex, based on information submitted by member companies. This material, along with estimates of nursing home costs developed with the assistance of the full actuarial and statistical committee, were applied to the OASI population, and over-all cost estimates of the proposed Forand legislation resulted.

In its report to HIA, the actuarial and statistical committee said it is anticipated that use will be made of this material in testimony at hearings on the Forand bill.

## Name Travis Wallace To Helm Of HIA

(CONTINUED FROM PAGE 1)

morning a report was made by Albert I. Hermalin of Institute of Life Insurance on the survey of the public attitudes toward A&S coverages that was conducted on behalf of Health Insurance Institute. This survey report was a highlight of the meeting—it offered the company people some solid ground for optimism about the feeling of the public toward their business, one of the statistics indicating

insurance, there should be recognition of the fact that there are many persons not insured and there is a big job still to be done. The weaknesses of voluntary health insurance are being examined by labor, government and others with a particular axe to grind. The facts of the business themselves are a challenge to management, Mr. Owen said, observing that some persons fear government encroachment so much that they deny the existence of any problem.

This is one of the benefits of belonging to Health Insurance Assn., Mr. Owen remarked, pointing out that the HIA attitude is to examine problems

on their merit and attempt to find answers.

Touching on some of the immediate matters to be solved, Mr. Owen said the business can take its cue from looking at those who support the Forand bill and how much support it has in order to determine how important it is to solve the question of coverage for persons over 65. In matters of this kind, Mr. Owen added, it is not good to have the public believe the insurance companies are doing nothing or, worse, that they are unwilling to do anything.

#### Work Harder To Reduce Expenses

Touching on loss ratios, he said the effort should be to work harder to reduce expenses than to hold down the loss ratio itself. He mentioned also the difficulty of getting doctors to become

#### NEW OFFICERS ELECTED

**President:** Travis T. Wallace, president of Great American Reserve of Dallas.

**Vice-president:** V. J. Skutt, president of Mutual Benefit H.&A.

**Secretary:** Dutton Stahl, president and secretary of Iowa State Travelers Mutual of Des Moines.

**Chairman of the Public Relations Committee:** J. Clay Johnson, executive vice-president and general counsel of Royal-Globe group (re-elected).

**New members of the board:** J. Henry Smith, Equitable Society (outgoing president); E. W. Craig, National Life & Accident; C. Manton Eddy, Connecticut General Life; H. O. Fishback Jr., Northern Life of Seattle; Charles G. Ashbrook, North American Life of Chicago; Walter O. Menge, Lincoln National Life; Frank L. Harrington, Massachusetts Protective.

that an overwhelming percentage of those interviewed had a favorable attitude toward health insurance, and only a small fraction an unfavorable one. The figures ran 78% for, 4% against and 18% neutral.

Support for this public opinion poll was provided by the panel on "The Customer Looks at Health Insurance" presided over by H. Clay Johnson at which representatives of buyers agreed that the voluntary system has made tremendous strides and deserves the highest ranking. One deficiency, the panelists agreed, was in the field of public understanding and education. Many insured are not versed in the fundamentals of insurance and do not know what to expect from their coverage or how to use it.

To strengthen public confidence, James R. Williams, vice-president of Health Insurance Institute, laid out the proposal for advertising, suggesting a \$300,000 budget for space in *The Saturday Evening Post*. He presented on slide films some of the layouts that are planned. The emphasis is on the growth of health insurance in the last decade, an impressive achievement in itself, with the theme "The New American Security."

Arch E. Northington, Tennessee commissioner and vice-president of National Assn. of Insurance Commissioners, concluded the Tuesday morning session with an address on the advantages of state regulation. Mr. Northington's talk was interrupted by a jack hammer operation underneath the ballroom, but after he ascertained this was not brought about from political motivation, he cut his talk short and offered some good natured stories as substitution.

W. Sheffield Owen, vice-president of Life of Georgia, speaking on "Challenge To Management," observed that despite the phenomenal growth in A&S

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sympathetic with the idea of filling in claim blanks.

Mr. Owen was followed by a panel discussion on "Meeting the Problems Within the Business," but the moderator, Armand Sommer, vice-president of Continental Casualty, complained that his thunder had been stolen by the previous speakers and panelists, especially the staff report. In a last minute huddle, some new questions were prepared and the audience was treated to better than an hour's worth of information on compulsory insurance in Canada, the problems of termination, the outlook on the Forand bill, and some comments on the Metcalf bill. Participating were Leslie P. Hemry, American Mutual Liability; H. Lewis Rietz, Great Southern Life; Ardell T. Everett, Prudential; Stefan N. Hansen, Great-West Life, and Gerald Parker, Guardian Life.

The final session, Wednesday morning, consisted of a panel entitled "Teamwork For Better Health", and an address by Ben H. Wooten, president of First National Bank of Dallas.

J. Henry Smith moderated the panel, having as his board of experts Morton D. Miller of Equitable Society; F. J. L. Blasingame, general manager of American Medical Assn.; Edwin L. Crosby, director of American Hospital Assn., and George W. Jacobson, executive president of Group Health Mutual of St. Paul. There was evi-

## Report Progress In Hospital Relations

(CONTINUED FROM PAGE 29)

denced in the remarks of this group some encouraging progress in commitment does not pay for hospital care. He attributed this to the phenomenal growth of prepayment plans, Blue Cross and insurance.

Stating that he is aware that the companies are working on the problem, Dr. Crosby urged them to "hurry up" in developing some method of providing out-patient care, diagnostic care and nursing home care. The hospitals and doctors and insured are looking for coverage in these fields, he

declared. Another important problem, he added, is coverage for the aged. Dr. Blasingame said medicine and insurance are making "steady, continuing progress in teamwork," and added he would like to put stress on "continuing."

It is no longer a matter of getting together just to put out a fire, he said, but to look ahead and even prevent problems. He admitted there will be outbursts of criticism from doctors or even groups of doctors, but he reminded the HIA audience that doctors are human and said they should remember that the AMA is the official voice.

Most of the problems are not of a grievance nature, he said, but are of the type that call for positive planning ahead.

Mr. Jacobson said those who work in the consumer field are not convinced that prepayment by itself is enough, and he raised three questions to make his point.

1. Does the prepayment plan encourage or enforce the most efficient use of health care facilities and resources? Indemnity plans, he said, including Blue Cross and Blue Shield, which make fuller use of hospital and medical services, are making it easier for people to pay for them, but this does not necessarily lead to the best and most efficient use of the services.

2. How does the plan affect or influence the mode of medical practice? Does it encourage the physician, or does it inhibit him, in seeking the best way of serving the patient and solving the health problem? Mr. Jacobson said one of the admitted limitations of indemnity plans, including Blue Shield, is that they must define and limit the services for which they will pay, and despite efforts to broaden coverages and permit discretion on the part of physicians, the limitation is still a serious problem.

3. Is the accent on illness or health? Does the plan encourage health conservation and early attention to health problems? Indemnity plans, emphasizing hospitalization and surgery, have a serious limitation in this respect, Mr. Jacobson said. They provide payment to the physician only when the patient is ill, while service plans have the advantage to emphasize health, health conservation and early attention to health problems.

4. Which approach to the problem promises the most success in keeping the costs of hospital and medical care within bounds? Which has the most effective safeguards against unnecessary and wasteful utilization of medical facilities and resources. Mr. Jacobson said there are many authorities who are convinced that the indemnity plans, especially Blue Cross, are being widely abused. The plans providing comprehensive medical service have found it is cheaper to use their own resources to cover hospital costs than to insure through Blue Cross or other cash-payment plans, because their members do not require anywhere the amount of hospitalization that the average subscribers to such plans get. This is not because the medical service plans do not hospitalize members when they need it, he said, but rather that they avoid unnecessary hospitalization, use clinic facilities for services that others get in hospitals and get to their patients' problems before hospitalization is necessary.

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## Give Program Of Indiana Agents' Meet, May 23-24

Indiana Assn. of Life Underwriters has completed the agenda of its May 23-24 annual meeting in Indianapolis. Speakers include Bert Palo, Prudential, South River, N. J.; Donald Barnes, vice-president Institute of Life Insurance; A. N. Guertin, actuary American Life Convention; Carlyle Dunaway, counsel National Assn. of Life Underwriters; Indiana Commissioner Palmer; Bernard Haught, assistant director Purdue Institute; Martin Guon, Metropolitan, Oak Park, Ill., former board member of GAMC; Nate Paulus, State Mutual, Dayton, current board member of GAMC; and four Indiana legislators, Sens. J. R. Townsend and James Spurgeon, and Reps. Grattan Downey and Walter Maehling—all members of the joint non-partisan legislative committee investigating A&S in the state.

Pattern of the 2-day meeting calls for platform presentations and open-forum discussions to develop recommendations for action to be presented to the business meeting May 24.

First of the open forums will be on "Shall Indiana Form a State General Agents & Managers Association?" The state now has local managers associations in Indianapolis, Evansville, Fort Wayne, and Terre Haute. The forum will be moderated by Francis Davis, Indianapolis Life, Marion, former state president.

An open forum will follow the panel report of the legislative committee.

At 8 p.m. May 23, after an address by Mr. Guertin, three concurrent forums will open: "Gimmick Policies and Gimmick Sales," moderated by V. J. Harrold, past president and retired general agent Lincoln National, Fort Wayne; "The Blues," Harry Foreman, American United, Kokomo; and "The Legislative Outlook," Hastings Smith, New England Life, Indianapolis, featuring Oren Pritchard, Union Central, Indianapolis, vice-president of NALU, and Judge John Kendall, association legislative counsel.

### Will Discuss Gimmicks

At 9 p.m. an open forum will begin on the license examination controversy moderated by J. R. Townsend Sr., general agent Equitable of Iowa, Indianapolis.

Saturday morning, May 24, will open with a Lamppost Club (past presidents) breakfast limited to club members and hearing a "Stewardship Report" from the current state president, Leon Lawhead, National of Vermont, Indianapolis. The rest of the morning will be devoted to the annual business meeting, election of officers and presentation of the "Hoosier life underwriter of the year" award, the association's top honor.

Commissioner Palmer will address the closing luncheon. This luncheon will also be the opening event of the annual meeting of Indiana A&S Assn., whose business meeting will follow.

Mack Kehoe, public relations manager of Miller Brewing Co. spoke on "Sell Public Relations—It's A Good Policy" at the May meeting of Milwaukee A&H Underwriters Assn.

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# Supermarket Concept Won't Hurt: Cameron

(CONTINUED FROM PAGE 2)

insurance salesman must remain dominant.

"There will be room in the field of personal insurance for many forms of operation but we in the Guardian expect to continue to stay in the forefront of the market."

The Leaders Club of the eastern group met at Miami Beach; the western group at Colorado Springs.

Vice-president Daniel J. Lyons opened the Florida meeting, and after commenting on the record number of Leaders Club qualifiers, introduced Leaders Club President Edward H. Mattingly of Atlanta, who served as chairman.

Vice-president George T. Conklin Jr. discussed the current economic outlook.

"We are definitely in a recession, and we should be concerned about it," he said. "However, we are not headed for a depression, and we should look at the present recession in the proper perspective."

"From an over-all, realistic standpoint, the recession to date has been mild. It would be foolhardy to expect any economy to operate under a full head of steam all the time. Recessions are inevitable in a dynamic free economy, and we should not look upon them as a prelude to a deep depression."

Taking a position between the optimists and the pessimists, Mr. Conklin said the decline may go further and that the upturn might not come before 1959. However, he advised those present not to focus too much attention on the short-term outlook.

## Predicts Upward Trend

"You should realize that we are only undergoing a cyclical adjustment in a strong upward trend," he said. "The tremendous scientific breakthrough in the last decade, coupled with expenditures on research of all types, means that the long term growth trend in our economy may be greater in the future than it has been in the past. The future of this country is bright indeed, and the life insurance industry will be prominent in that future."

James A. McLain, Guardian's chairman, presented awards to the 1957 production leaders. A highlight of the ceremony was the presentation of a special plaque to members of Guardian's Million Dollar Club, who paid for more than a million of individual life insurance in the Guardian last year. Two of the "millionaires"—James P. Poole of Atlanta, company leader in production in 1957, and Leo R. Futia, of Buffalo discussed some of the things that had helped them gain life membership in the Million Dollar Round Table, stressing the importance of determination, self-analysis, and continuous efforts to increase knowledge and improve techniques.

At the western regional, Mr. McLain also presented awards to the 1957 production leaders. He spoke on the economic outlook, saying that "we are on the verge of the greatest decade in the history of our country."

At both the eastern and western regionals there were room-hopping sessions, and talks by home office officials, agents and managers.

At the President's Club meeting at Miami Beach, the program included a talk by David Stock, prominent New York tax lawyer and lecturer on estate planning.

"For many reasons, an insured buy and sell agreement is far superior today to a stock redemption plan for the close corporation," he said. "There are no tax advantages in stock redemption, and from every other aspect the buy and sell agreement offers many advantages."

## Suggests Raising Salaries

Commenting on the "psychological resistance on the part of the stockholders to buying the insurance needed to finance the buy and sell agreement out of personal income," he suggested the possibility of raising the stockholders' salaries to a reasonable extent, or using the minimum deposit approach.

"If you do need to use stock redemption, the corporation should be the complete owner of the policy" he continued. "There should be no provision regarding the continuance of the insurance or the application of the proceeds."

Turning to partnerships, he again stressed the advantages of buy and sell agreements, with cross-ownership of insurance, over the entity approach.

## Agree On Tests For Financed Insurance

(CONTINUED FROM PAGE 1)

able tax treatment or a drop in his income, which would reduce his tax bracket and affect the value of the interest deduction to him.

3. "The value of maintaining other liquid reserves should be considered."

The buyer must be made to understand that with the financed plan the usual ordinary-life cash values that are available for emergencies won't be there and alternative accumulations should be built up if they are not already at hand. This explaining is particularly necessary where cash values of existing policies are being used to finance the purchase of new insurance and/or pay for future premiums, Mr. Arden said.

4. "The purchaser should be apprised of the possible effects of future changes with respect to (1) the insured's income and taxes applicable thereto; interest rates; (c) dividends; (d) net protection; (e) tax laws."

5. "The manner in which loans may be liquidated should be discussed."

## Loan Would Be Liquidated

Of course, the loan would be liquidated from the proceeds if still in force at death. But in many cases sales are made to young men who can anticipate much higher future earnings, such as young doctors and young lawyers or who can anticipate to inherit money or a business. In such types of cases the financed plan is the ideal way of owning an adequate amount of life insurance, Mr. Arden believes. Or the policyholder may reach a point, say, in 10 years where he is in a position to pay premiums without further borrowing, though unable to pay off the loan. He can freeze the loan and pay only interest and premiums from then on. If he should later be in a position to restore the policy's full cash value he can do it; otherwise the loan is liquidated at his death.

6. "The agent should invite the approval of the purchaser's legal and financial advisers."

This is advisable, Mr. Arden pointed out, because the agent may well be dealing with tax law implications that are beyond the comprehension of the prospect.

The set of six guideposts, said Mr. Arden, represents the thinking and discussion of producers who have been selling financed life insurance for many years and who represent many different viewpoints and geographical areas. It is the belief of the association that any sale of financed life insurance that does not conform with the six guiding principles should be regarded as an abuse.

In the resolution unanimously adopting the six-point declaration, AALU said: "We believe that the development of financed life insurance is essential to protect and promote the long-term interest of life insurance buyers and owners in the light of an ever-changing economy."

Incidentally, the AALU has adopted the designation "financed life insurance" rather than bank-loan, because of the great number of plans sold now in which the insurer is the lender and no bank is involved.

# Pole-Vault Champ To Speak At NALU Meeting

(CONTINUED FROM PAGE 1)

new "Wheaties Sports Federation," an informal association sponsored by General Mills to support the objectives of President Eisenhower's Council on Youth Fitness.

The Monday "continental breakfast," tried out as an experiment in 1956 and 1957, has now been incorporated into the convention schedule as a fixture and will be a feature at Dallas.

Presentation of the John Newton Russell award will be the last item of convention business on Friday, Sept. 12.

"We are exceedingly fortunate to secure Bob Richards as a Convention speaker," said Managing Director Lester O. Schriver. "Many NALU members have heard him around the country. In describing him they use such expressions as 'exciting,' 'forceful,' 'interesting every minute,' and 'dynamic.'"

## Confident Living

BY SKOG



H. P. SKOGLUND, President

"Don't look back, something might be gaining on you!"

HELP in paving the way for successful interviews is provided North American field men by newspaper ads like this appearing nationally in Nalac markets.

It's one way Nalac's CONFIDENT LIVING\* approach is working to assure CONFIDENT SELLING for its men. Complete portfolio of Life and S&A. Ask for Brochure BO-321.

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NORTH AMERICAN INSURES CONFIDENT LIVING

Satchel Paige, the ageless Negro pitcher, first came to fame back in the 1930's when he played semi-pro baseball. He threw a ball so fast the opposing team seldom scored more than a hit or two in any game. He frequently called in the outfield and proceeded to strike out the batters in one, two, three order. He was old then, but in 1953 he was still going strong. Someone asked Satchel what rules he followed to stay so young and active. Here was his reply:

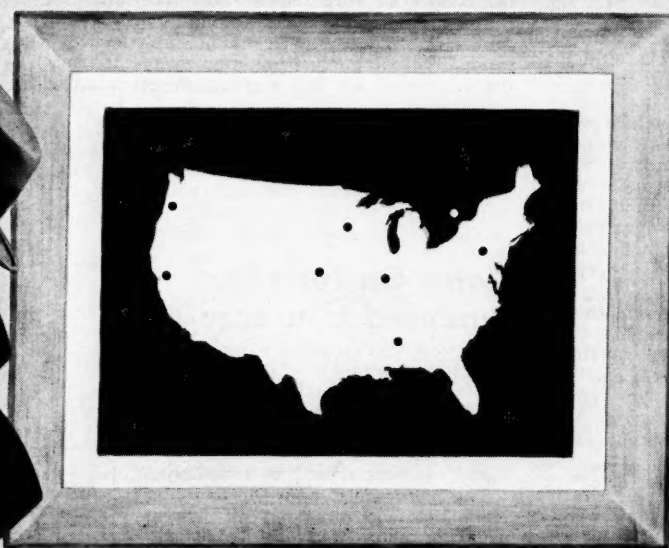
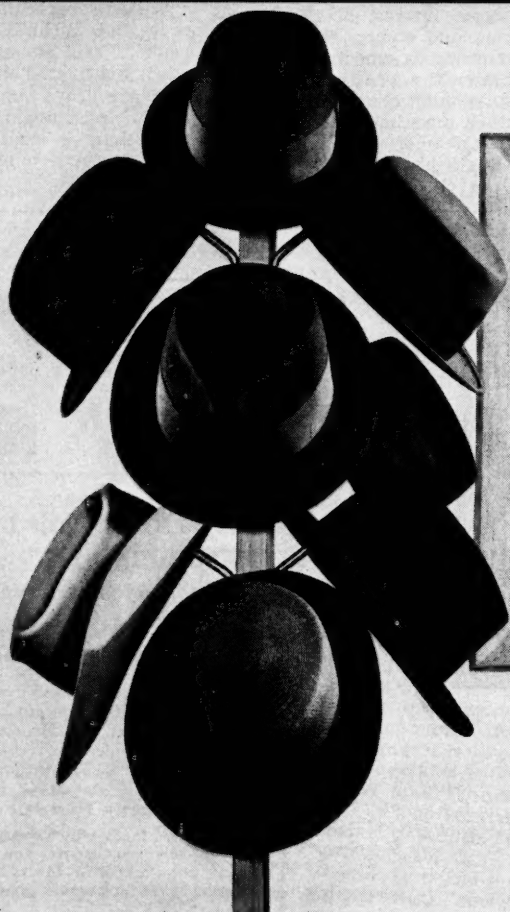
"Avoid fried foods, which angry up the blood. If your stomach disputes you, lie down and pacify it with cool thoughts. Keep the juices flowing by jangling around gently as you move. Go very light on the vices such as carrying on in society. The social ramble ain't restful. Avoid running at all times. Don't look back, something might be gaining on you."

It's that last bit of advice I like most of all. If we could train ourselves to plan ahead for problems we are bound to face, we'd all have more peace of mind and perhaps live longer.

One of the problems you will face eventually is money for retirement. North American's life-time income plan will help you solve it by providing a regular check every month of your life, from the retirement day you specify. Or, if something happens to you, your family will still receive a regular monthly income. Your North American representative will be glad to explain this plan for your future—that will give you more "Confident Living" today.

Call on the North American representative in your area.

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State Farm Life's leadership in decentralization keeps a very large organization in close personal touch with our agents. Each of our eight separate, independent Regional Offices is an exact duplicate of State Farm's Home Office in Bloomington, Illinois.

This system places the facts . . . and the authority to make decisions . . . practically at each agent's doorstep. The result: faster action on applications and benefits, better relations with our policyholders, and a distinct

new business advantage for every State Farm Life agent.

Our company was a pioneer in Life Office decentralization. No other life insurance company has ever attempted to operate a full service involving every transaction, on such a wide-spread regional basis . . . with casualty and fire lines provided by companion companies.

We believe that by providing our agents with the most modern and efficient business techniques, we are helping them to grow and prosper in the years ahead.

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